

GAO

Report to the Subcommittee on African  
Affairs, Committee on Foreign Relations,  
U.S. Senate

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April 2004

# FOREIGN ASSISTANCE

## U.S. Anticorruption Programs in Sub-Saharan Africa Will Require Time and Commitment



GAO

Accountability \* Integrity \* Reliability

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Highlights of [GAO-04-506](#), a report to the Chairman and Ranking Minority Member, Subcommittee on African Affairs, Committee on Foreign Relations, U.S. Senate

### Why GAO Did This Study

In October 2000, Congress passed the International Anticorruption and Good Governance Act (P.L. 106-309). The purpose of this legislation is to promote good governance by helping other countries combat corruption and improve government transparency and accountability. U.S. agencies spent about \$33 million per year in fiscal years 2001–2002 providing anticorruption assistance to 22 sub-Saharan African countries. The U.S. Agency for International Development (USAID) provided the majority of this assistance, along with the Departments of the Treasury, Justice, Commerce, and State.

To help Congress oversee management of anticorruption programs in sub-Saharan Africa, GAO was asked to examine (1) what is known about the extent of corruption in the region, (2) the factors that give rise to corruption in this region, (3) the anticorruption assistance U.S. agencies have provided, and (4) the lessons about anticorruption assistance that U.S. agencies and other international organizations have learned.

USAID provided written comments on a draft of this report and the Departments of the Treasury, Justice, and State provided informal comments. These agencies generally agreed with our presentation of the issues and conclusions.

[www.gao.gov/cgi-bin/getrpt?GAO-04-506](http://www.gao.gov/cgi-bin/getrpt?GAO-04-506).

To view the full product, including the scope and methodology, click on the link above. For more information, contact David Gootnick at (202) 512-3149 or [gootnickd@gao.gov](mailto:gootnickd@gao.gov).

## FOREIGN ASSISTANCE

### U.S. Anticorruption Programs in Sub-Saharan Africa Will Require Time and Commitment

#### What GAO Found

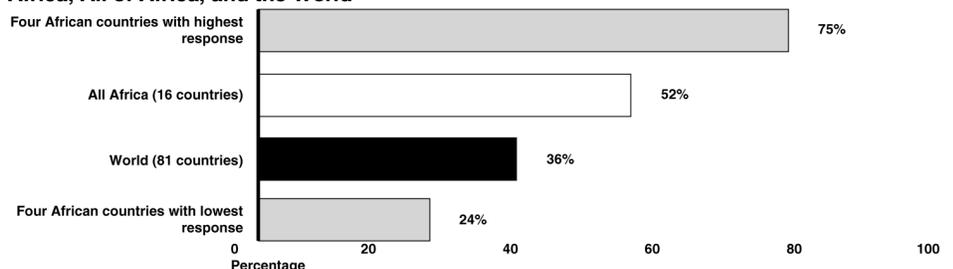
Indexes, surveys, and studies indicate that corruption in sub-Saharan Africa is pervasive, but assessing it is inherently difficult. Indexes published by the World Bank Institute and Transparency International have limitations; for example, both focus on perceptions of corruption, and both recognize their measures to be imprecise. Regional surveys indicate that many businesses are affected by corruption, although perceptions of corruption levels vary among countries (see figure). According to country-level surveys and other information, households view corruption as rooted in the police, judicial system, and health services, although perceptions of the most and least corrupt institutions vary by country.

Sub-Saharan African countries share some fundamental challenges that can give rise to corruption. According to studies and U.S. agency officials, these challenges include low civil service salaries, a lack of transparency and accountability in government operations, ineffective legal frameworks and law enforcement, weak judicial systems, and tolerant public attitudes.

U.S. anticorruption programs cover a range of issues. Funding for these programs represented about 2.4 percent of U.S. assistance to sub-Saharan Africa in fiscal years 2001–2002. The programs have focused on supporting civil society; encouraging legal, judicial, and regulatory reform; privatizing government functions; enhancing government accountability; supporting elections; establishing anticorruption agencies; and providing law enforcement assistance. However, U.S. legislative restrictions on foreign law enforcement assistance limited agencies' activities in this area. These programs are relatively new and early evaluations and our analysis suggest prospects for sustainability are unclear.

Lessons learned from anticorruption efforts include the importance of (1) political will from public and private leaders; (2) widespread public support; (3) programs tailored to country conditions; (4) multipronged efforts that incorporate prevention, education, and law enforcement; (5) access to government information; and (6) time and commitment to address the difficult nature of these problems.

**Businesses Reporting That Bribes Are Essential to "Get Things Done" in Sub-Saharan Africa, All of Africa, and the World**



Source: World Business Environment Survey 2002.

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**Abbreviations**

AU	African Union
BPE	Bureau of Public Enterprises
FCPA	Foreign Corrupt Practices Act
FBI	Federal Bureau of Investigation
ICITAP	International Criminal Investigative Training Assistance Program
IDA	International Development Association
INL	Bureau for International Narcotics and Law Enforcement Affairs
MCA	Millennium Challenge Account
NGO	nongovernmental organization
NSC	National Security Council
OECD	Organization for Economic Cooperation and Development
OPDAT	Office of Overseas Prosecutorial Development Assistance and Training
SADC	Southern African Development Community
TI	Transparency International
UN	United Nations
USAID	U.S. Agency for International Development
WBES	World Business Environment Survey
WBI	World Bank Institute

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United States General Accounting Office  
Washington, D.C. 20548

April 26, 2004

The Honorable Lamar Alexander  
Chairman  
The Honorable Russell D. Feingold  
Ranking Minority Member  
Subcommittee on African Affairs  
Committee on Foreign Relations  
United States Senate

In Africa, the world's poorest continent, high levels of corruption hinder economic and political development, diverting funds that could be used for education, investment, and public infrastructure. Corruption—the misuse of public office for private gain—is perpetrated by government officials engaging in embezzlement and nepotism; it can also take place between public officials and private citizens in the form of bribery, extortion, influence peddling, and fraud. Corruption varies in scale: grand corruption involves the loss of large amounts of money at high levels of government, while petty corruption involves the payment of small amounts of money for favors or preferences.

In October 2000, Congress passed the International Anticorruption and Good Governance Act.<sup>1</sup> The purpose of this legislation is to ensure that U.S. anticorruption assistance programs promote good governance by helping other countries to combat corruption throughout society and to improve transparency and accountability at all levels of government and throughout the private sector. The legislation established anticorruption as one of five major U.S. foreign policy goals but did not provide new funding for anticorruption initiatives. The recently initiated Millennium Challenge Account (MCA) assistance program proposes to reward good governance and to use a measure of corruption as a key indicator of a country's eligibility for assistance. The MCA initiative, funded at \$1 billion in fiscal year 2004 with significant increases proposed by fiscal year 2006, has increased interest in country eligibility for these funds, the steps that sub-Saharan African governments have taken to address corruption, and U.S. efforts to assist these nations. In response to your request that we review U.S. anticorruption assistance to sub-Saharan Africa, this report examines (1) what is known about the extent of corruption in sub-Saharan African countries, (2) the factors that give rise to corruption in this region, (3) the

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<sup>1</sup>P.L. 106-309, Title II.

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anticorruption assistance that U.S. agencies have provided to these countries, and (4) the lessons about anticorruption assistance that U.S. agencies and other international organizations have learned.

To address these issues, we analyzed data on corruption compiled by the World Bank Institute (WBI) and the nongovernmental organization Transparency International (TI). We also analyzed country-level surveys and studies focused on corruption and governance in the region. We reviewed documents and interviewed key officials from the U.S. Agency for International Development (USAID) and the Departments of the Treasury, Justice, Commerce, and State, and we examined the results of a recent USAID survey of its anticorruption programs in fiscal years 2001–2002. In addition, we analyzed program documents from the six countries in sub-Saharan Africa—Mozambique, Nigeria, South Africa, Uganda, Zambia, and Benin—in which the U.S. government undertakes the largest anticorruption programs, and we obtained more detailed information from the USAID missions in these countries. We obtained perspectives on multilateral efforts and country-level programs from officials of the World Bank and the UN Development Program. In addition, we visited Nigeria and Mozambique to meet with U.S. and host government officials, other donors, and representatives from civil society to review past and ongoing anticorruption efforts there. We conducted our review from March 2003 to March 2004 in accordance with generally accepted government auditing standards. (See app. I for additional information on our scope and methodology.)

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## Results in Brief

Corruption in sub-Saharan Africa is widespread, but measuring its extent is inherently challenging. The WBI and TI indexes rank many sub-Saharan African nations among the most corrupt worldwide; however, both indexes assess perceptions rather than actual incidences of corruption, and both institutions recognize that these indexes are imprecise. In addition, we found no statistically significant differences in corruption scores between countries that are closely ranked in the indexes. Regional surveys indicate that many businesses are affected by corruption, although perceptions of corruption levels vary among countries. According to country-level surveys and other information sources, households see corruption as rooted in police, the judicial system, and health services, although perceptions of the most and least corrupt institutions vary among countries.

Several factors in sub-Saharan Africa give rise to corruption. First, low civil service salaries often lead employees to solicit bribes or embezzle funds. In

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addition, a lack of transparency and accountability in government operations creates opportunities for corruption. Also, ineffective legal frameworks and weak enforcement of laws impede attempts to investigate and prosecute corruption. Further, most of the countries lack an effective judicial system to prosecute and sanction corrupt officials. Finally, public tolerance of corruption is common and, in some countries, corruption is expected.

The United States has taken a broad approach to addressing corruption in sub-Saharan Africa. Funding for U.S. anticorruption programs developed by USAID, as well as the Departments of the Treasury, Justice, Commerce and State, represented about 2.4 percent of U.S. assistance to the region in fiscal years 2001–2002. In general, these programs have addressed corruption directly or indirectly by working to create an environment not conducive to corruption. Although USAID lacks a strategic plan for its anticorruption efforts, it has coordinated its programs through an internal working group. Interagency coordination has been led by the National Security Council and the Department of State (State). U.S. anticorruption assistance has focused on developing civil society programs; encouraging legal, judicial, and regulatory reform; privatizing government functions; enhancing government accountability; supporting elections; establishing anticorruption agencies; and providing law enforcement assistance. However, law enforcement assistance has been limited by legislative restrictions on the use of foreign assistance funds for training and financial support of police or other foreign law enforcement entities. Finally, USAID has conducted a limited number of evaluations of anticorruption programs in the region and has found unclear results and objectives. These early evaluations and our work suggest that programs are relatively new and prospects for sustainability are unclear.

Anticorruption efforts have produced some lessons learned about the conditions and components necessary for programs to succeed. First, political will and commitment from a country's leadership are essential. Second, widespread public support is necessary. Third, the programs must be tailored to each country's unique historical and economic conditions. Fourth, programs should take a multipronged approach emphasizing prevention, education, and law enforcement. Fifth, transparency and public access to information are important to ensure adequate oversight of government. Finally, because corruption cannot be eradicated quickly and simply, anticorruption efforts require long-term commitment to gain public confidence.

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USAID provided written comments on a draft of this report and the Departments of the Treasury, Justice, and State provided informal comments. These agencies generally agreed with our presentation of the issues and conclusions. We were also provided technical comments from the World Bank Institute that were discussed with officials and included in this report where appropriate.

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## Background

International donors believe that corruption is a challenge to political stability, hampers sustainable growth, distorts prices, undermines legal and judicial systems, and prevents public services from reaching those most in need. At its worst, poor governance and corruption also help create the economic and social conditions that can lead to disillusionment and nurture fanaticism, according to State.

Sub-Saharan Africa contains multiple examples of alleged corruption, particularly in nations with extractive industries such as oil, natural gas, and precious gems. For example, a Nigerian case of grand corruption involved a former military ruler, Sani Abacha, who, according to press accounts, is alleged to have transferred tens of billions of dollars out of the country during his 1993-1998 rule.<sup>2</sup> In Angola, government mismanagement of oil revenue was reported in the press to have resulted in the disappearance of \$4.2 billion between 1997 and 2002. In Benin, the Minister of Finance estimated in 2001 that \$68 million is lost to corruption every 3 years. Petty or administrative corruption, involving lesser amounts of money, has also been shown to affect the poor adversely by increasing the price of, and restricting access to, public services. For example, the poor in Sierra Leone pay a disproportionately higher percentage of their incomes on bribes for health, education, and courts than do wealthier citizens, according to recent analysis by the government of Sierra Leone. A 2003 Nigerian government study described the “10 percent syndrome,” a 10 percent unofficial “tax” paid to public servants to ensure that they perform their official functions.<sup>3</sup>

Concern that corruption impedes development in Africa and other regions began to emerge among donor nations and multilateral organizations in the

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<sup>2</sup>Nambibian.com (July 7, 2000).

<sup>3</sup>Government of Nigeria, *Governance and Corruption Diagnostic Study* (Abuja, Nigeria: 2003).

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mid-1990s. Previously, government corruption in the region was often considered a taboo subject in U.S. bilateral and multilateral discussions, according to USAID officials. The creation of international nongovernmental organizations concerned with transparency increased awareness about the insidious impact of government corruption. International efforts to address corruption began in the mid-1990s. (App. II contains additional information on international and regional agreements addressing corruption.)

U.S. anticorruption efforts in sub-Saharan Africa began with a few efforts between the 1960s and 1980s with USAID's government reform programs in Liberia, the Sahel Region, and Niger. During the mid-1990s, building on "windows of opportunity," USAID began incorporating anticorruption activities into new and existing programs and, since 2000, USAID's programs promoting transparency have evolved to include surveys, media campaigns, anticorruption commissions, and support for host government legislatures. According to USAID officials, its assessment of political will is a critical element on which it bases country programming decisions. In addition, the Departments of the Treasury, Justice, Commerce, and State have provided specialized legal, law enforcement, and financial assistance that include anticorruption elements.

To assess corruption, researchers and policy analysts have developed broad indexes, conducted regional or sectoral surveys, and undertaken country-level surveys and studies. WBI and TI publish two well-known indexes that gauge perceived corruption. The WBI index is one of 16 performance indicators that will be used to determine eligibility to apply for funds from the newly established MCA. To be eligible for MCA assistance in 2004, countries must rank above the median in relation to the pool of candidate countries<sup>4</sup> on at least half of the indicators in each of the three policy categories—ruling justly, encouraging economic freedom, and investing in people—and be ranked in the top half of the WBI index. In addition, countries must have inflation rates under 20 percent. The MCA board may also consider data from the TI Corruption Perception Index and the Department of State's Human Rights Report in assessing just and democratic governance.

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<sup>4</sup>For fiscal year 2004, the candidate pool of countries must be (1) eligible for assistance from the International Development Association (IDA), (2) have a per capital income equal to or less than \$1,415, and (3) not be subject to legal provisions that prohibit them from receiving U.S. economic assistance under the Foreign Assistance Act. These criteria are expected to change in future years.

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## Corruption in Sub-Saharan Africa Is Pervasive but Difficult to Measure

Corruption in sub-Saharan Africa is perceived to be widespread, but measures are imprecise. The WBI and TI indexes measure perceptions of corruption rather than actual incidences. Regional business surveys also indicate that high levels of corruption affect business development, although perceptions of corruption's effect vary. Country-level surveys and studies show that, while some perceptions of corruption are similar among countries, generalizing about its causes and incidence is difficult.

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## Broad Indexes Show Extensive Corruption but Have Weaknesses

The WBI and TI indexes show high levels of corruption in sub-Saharan Africa: in its 2002 index, the WBI index ranked 36 of the 47 sub-Saharan African countries it surveyed below the worldwide median, and 22 of these countries in the bottom 25th percentile (see fig. 1). The TI index ranked 20 of 24 sub-Saharan African countries it surveyed in the bottom half of its index (see fig. 2). However, both indexes gauge survey respondents' perceptions of corruption rather than directly measuring the incidence of corruption, and both recognize their measures of corruption to be imprecise (see app. III for further details). We identified the following additional limitations:

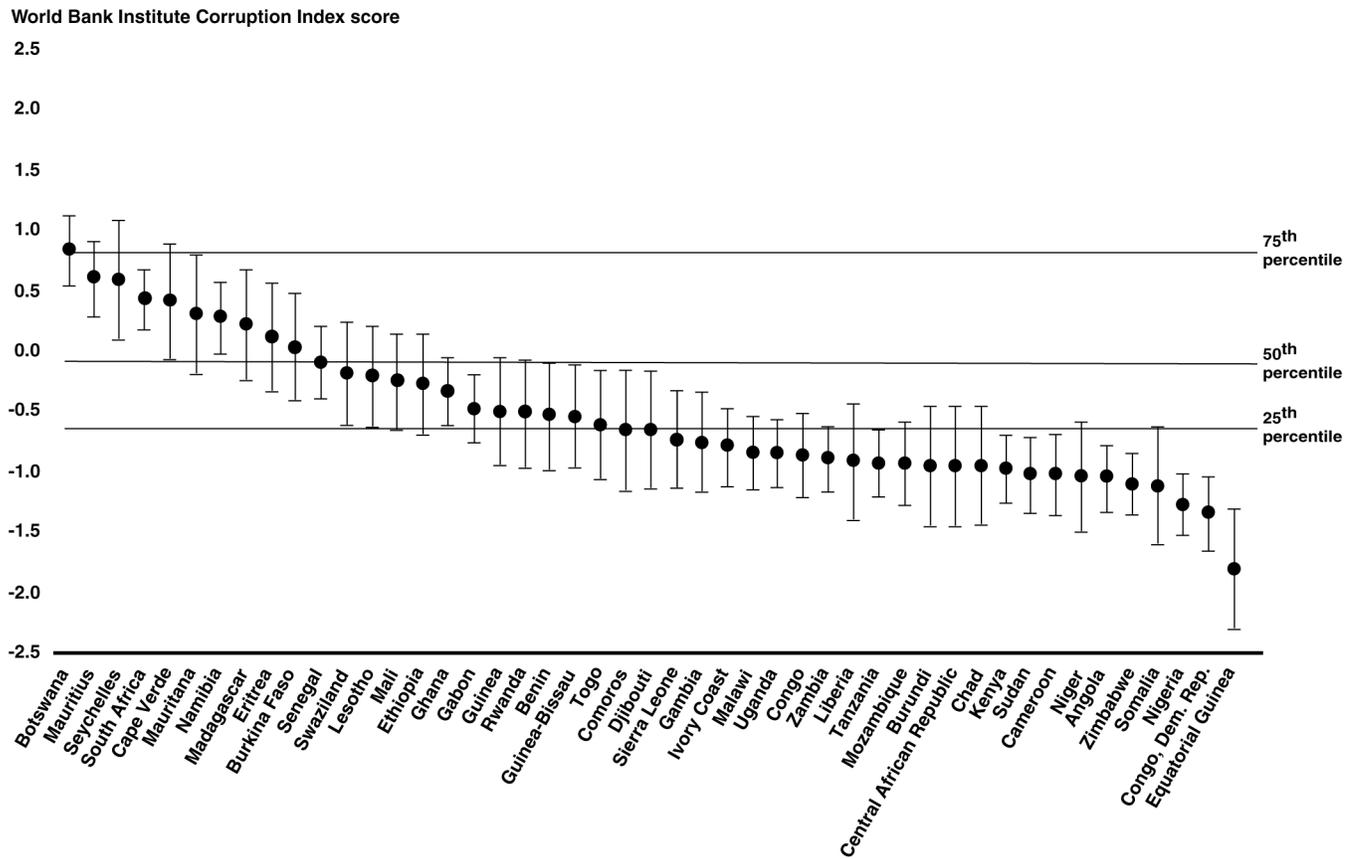
- In the WBI and TI indexes, individual country measures of corruption are associated with a range of uncertainty or confidence interval (depicted by the vertical lines in figs. 1 and 2). No statistically significant differences in relative country corruption rankings may exist when vertical lines overlap, as is the case for many low-income sub-Saharan African countries, because country scores with overlapping measurement errors cannot be differentiated.<sup>5</sup>
- Fifty percent (median) of the 195 countries ranked by the WBI index have corruption scores of -0.25 or higher. As figure 1 shows, 11 sub-Saharan African countries' (23 percent) have corruption scores above the worldwide median, while 36 (77 percent) sub-Saharan African countries have scores below the worldwide median. However, when measurement error is taken into consideration, only 6 countries have corruption scores that are significantly above the median (at 90 percent statistical confidence). Twenty-four countries have scores statistically below the median, and 17 countries have scores that do not differ statistically from the median. Therefore, the 6 sub-Saharan Africa

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<sup>5</sup>WBI staff and others also identified this limitation.

countries that have scores statistically above the WBI median can clearly be differentiated from the 24 countries that have scores statistically below the median.

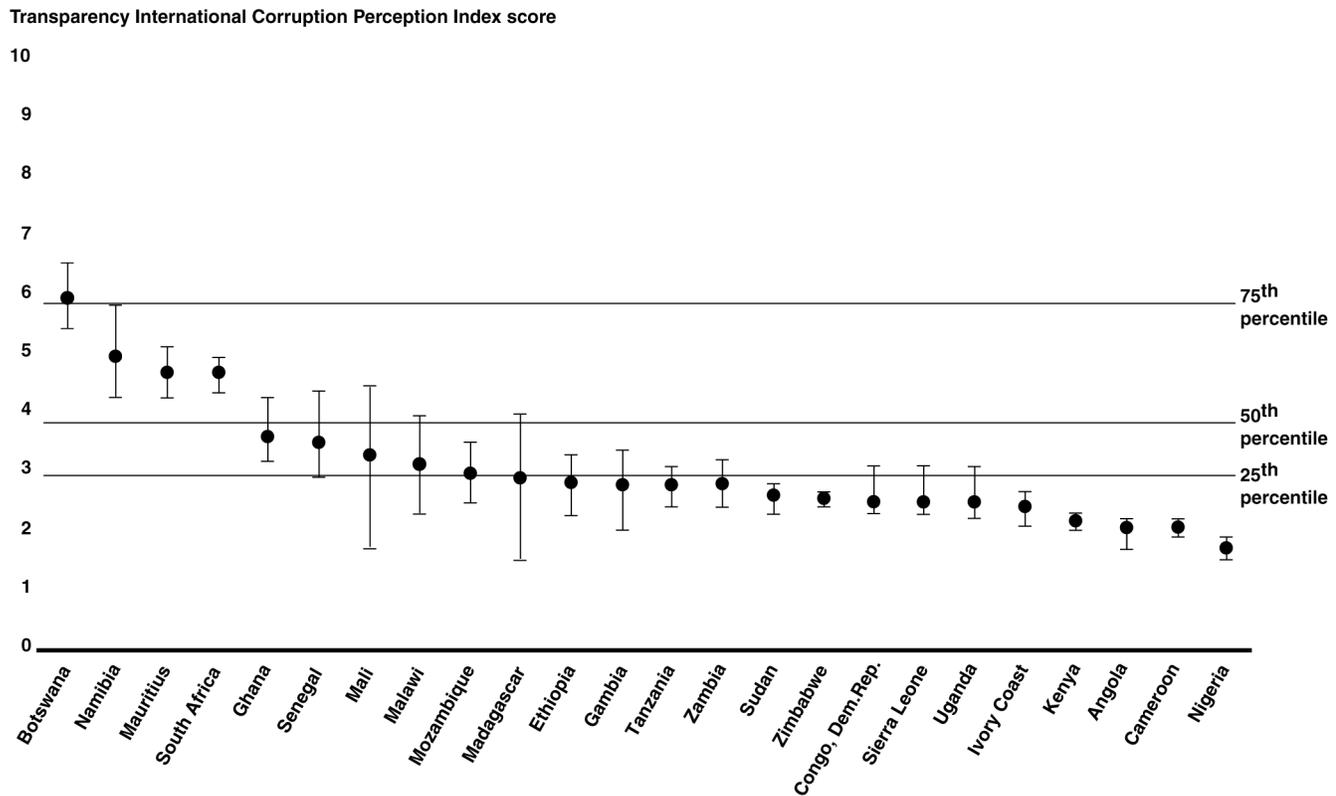
**Figure 1: 2002 WBI Corruption Index Rankings for 47 Sub-Saharan African Countries**



Source: GAO analysis of WBI data.

Note: For each country, the vertical line indicates a 90 percent confidence interval around its estimated corruption score. The index ranges from 2.5 (low corruption) to -2.5 (high corruption). Country corruption scores are not statistically different when confidence intervals overlap. The horizontal lines separate the 195 countries, ranked by WBI, into quartiles, each containing approximately 49 countries.

**Figure 2: 2003 TI Corruption Perception Index Rankings for 24 Sub-Saharan African Countries**



Source: GAO analysis of TI data.

Note: For each country, the vertical line indicates a 90 percent confidence interval around its estimated corruption score. The index ranges from 10 (highly clean) to 0 (highly corrupt). Country corruption scores are not statistically different when confidence intervals overlap. The horizontal lines separate the 133 countries in the TI index into quartiles, each containing approximately 33 countries.

- In the WBI index, a statistically significant association exists between levels of corruption and selected development indicators when all countries are considered together.<sup>6</sup> In general, higher levels of corruption are associated with lower development outcomes. However, when we analyzed the countries' data by income level (low, middle, and high, as defined by the World Bank), we found a statistically significant

<sup>6</sup>These indicators include 12 Millennium Development indicators, as well as five key performance indicators.

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association for far fewer of the indicators than when we considered all of the countries together. (See app. IV for more details of our analysis.)

In this context, a senior World Bank official working on corruption has observed that although the WBI and TI indexes are useful as a broad gauge of corruption, they are not intended to guide specific program or policy decisions.<sup>7</sup>

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### Regional Business Surveys Show Negative Effects, Varying Perceptions of Corruption

Regional and sectoral survey instruments that measure governance, the business environment, and corruption are often used to gain insight into corruption in economic sectors and geographic regions. One of the more comprehensive surveys is the World Business Environment Survey (WBES) (see app. V for more information).<sup>8</sup> WBES results indicate that high levels of corruption negatively affect business development in sub-Saharan Africa. However, the perceived effect of corruption varies among countries. In addition, the WBES report noted that the response rates for the African countries, and for questions on corruption, are relatively low. Because of the response rates and the numbers of respondents, differences between some countries may not be significant.

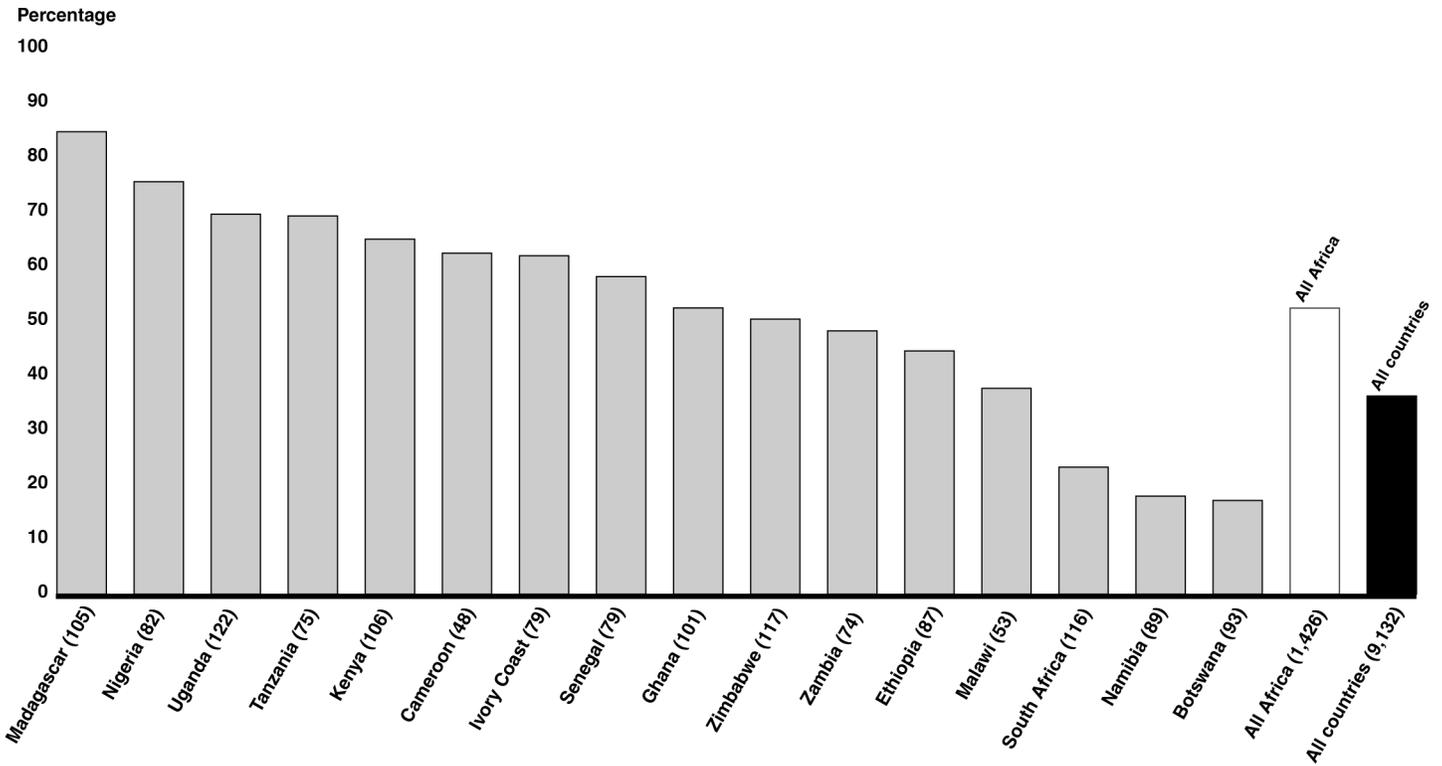
The WBES reported that about 64 percent of businesses it surveyed in 16 sub-Saharan African countries considered corruption to be a serious constraint. This compares with 17 percent of businesses surveyed in OECD countries and approximately half of businesses worldwide. The survey also found that, on average, more than half of businesses operating in sub-Saharan Africa believe that irregular payments are essential to “get things done” (see fig. 3). Specifically, nearly 70 percent or more of businesses in Nigeria, Tanzania, Madagascar, and Uganda reported this belief, compared with less than 25 percent in South Africa, Botswana, and Namibia. In addition, Madagascar, Senegal, Ivory Coast, and Nigeria had the highest percentage of businesses stating that unofficial payments are required to gain government contracts. (See app. V for additional analysis of WBES data.)

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<sup>7</sup>D. Kaufmann, A. Kraay, and M. Mastruzzi, *Governance Matters III: Governance Indicators for 1996-2002* (Washington, D.C.: World Bank Institute, 2003).

<sup>8</sup>The WBES queried 10,032 businesses in 81 countries, including 1,629 in 16 African countries in 1999 and 2000.

**Figure 3: Firms in Selected Sub-Saharan African Countries Responding “Always, Usually, or Frequently” to WBES Statement “It Is Common for Firms in My Line of Business to Have to Pay Some Irregular ‘Additional Payments’ to Get Things Done”**



Source: GAO analysis of WBES data.

Notes: Response options were “always,” “usually,” “frequently,” “sometimes,” “seldom,” and “never.” Figures in parentheses are the number of firms that responded in each country.

### Country-Level Surveys and Studies Show That Corruption Is Seen as Rooted in Public Institutions

Country-level public perception surveys and corruption studies play an important role in providing information about the nature, magnitude, and location of corruption within a country (see the bibliography for a list of the surveys and studies we reviewed). These sources suggest that households in most of the countries we reviewed see corruption as rooted in institutions that have the greatest contact with the public, namely the

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police, the judicial system, and health services.<sup>9</sup> For example, police corruption is considered to be a serious problem in Nigeria, South Africa, Zambia, Mozambique, and Uganda. However, the institutions considered least corrupt varied considerably. In Zambia, commercial banks and anticorruption commissions are considered to be least corrupt, whereas in Uganda, local councils and primary schools are considered least corrupt. In addition, for some countries, the data suggest a gap between personal experiences with corruption and perceptions of corruption. For example, a 2001 household survey in South Africa found that although 11 percent of those surveyed had direct experience with corruption, 41 percent of respondents perceived it to be one of the country's most important problems.

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## Sub-Saharan African Countries Share Some Underlying Factors That Give Rise to Corruption

Although it is difficult to generalize about corruption in sub-Saharan Africa, the six countries we reviewed share some factors that are perceived to give rise to corruption. These include (1) low civil service salaries, (2) a lack of transparency and accountability, (3) ineffective legal frameworks, (4) an ineffective judicial system, and (5) tolerant attitudes and lack of public awareness about the costs and consequences of corruption.

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## Low Civil Service Pay Contributes to Corruption

In the countries we examined, low and untimely payment of salaries was cited as a significant and leading root cause of corruption. To augment their incomes, civil servants may solicit bribes, embezzle funds, or engage in a second job or private business during government working hours. In a 2003 Ugandan survey, 51 percent of the respondents identified low civil service salaries as a main cause of corruption. The same study quoted one respondent asking rhetorically, "How can one refuse \$257 to allow a prisoner to escape when one is earning only \$97 per month?" According to analysts in Uganda, corruption in the magistrate courts is attributed in part to low salaries for court clerks and registers who seek extra payments to expedite cases. A 2003 Nigerian corruption and governance survey ranked the police as the most corrupt institution in the country. A U.S. official stated that one of the root causes of police corruption in Nigeria is that

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<sup>9</sup>In five of the countries that we reviewed—Mozambique, Nigeria, South Africa, Uganda, and Zambia—some level of survey or assessment was conducted in the past 5 years. No assessment or survey was conducted in the sixth country, Benin, despite the presence of ongoing U.S. anticorruption programs.

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police often do not receive their full salaries or per diems for months at a time. In addition, a 2003 TI study states that in Zambia, the police live in very poor accommodations, lack basic facilities such as sanitation, water, and electricity, and earn \$25 to \$63 per month. While country-level studies and surveys consistently cite low civil service wages as a major cause of corruption, USAID officials and studies by other donors state that increasing civil service pay does not necessarily reduce corruption. They suggest that wage increases must be accompanied with other reforms to be effective.

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### Lack of Transparency and Accountability Increases Corruption Opportunities

Surveys, studies, and donor documents all cited lack of transparency and accountability in government systems, including procurement and budget, as creating considerable opportunities for corruption in the countries we reviewed. According to the 2003 Nigerian corruption survey, the struggle to secure government contracts is intense, and public officers involved in the process are often tempted to interfere with the process to their own advantage. The same study reported that 30 percent of firms pay between 6 and 10 percent of a contract's value to cover kickbacks for patrons in Nigeria. While the assessment affirms that public procurement in Nigeria has been considered a significant problem, according to a government official we interviewed in 2003, the government has made recent efforts to increase the credibility of the process by streamlining it to include widely advertised tenders and making timely and rational decisions.

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### Legal Frameworks Fail to Address Corruption Adequately

Weak legal frameworks also hinder attempts to investigate and prosecute corruption. Although anticorruption laws exist in all of the six countries that we reviewed, in many cases, these laws do not address important areas of concern or they have been weakened by legal challenges. According to USAID officials, in Mozambique, the government recently passed an anticorruption law that requires government decision-making officials to declare their assets, offers whistleblower protection, imposes sentences for government officials requesting bribes, and mandates fines for auditors who do not inform the anticorruption unit of corrupt practices they may uncover. While this law is a move toward international best legal practices for combating corruption, it does not allow undercover operations and procedures such as plea bargaining in corruption investigations; nor increase penalties for corrupt officials; or require that all civil servants publicly disclose assets.

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According to U.N. documents, South Africa's 2002 Prevention of Corruption Bill establishes legal frameworks to address corruption that are modeled on international best practices. Prior to this legislation, however, it was very difficult to prosecute individuals, because South Africa's previous 1992 Corruption Act abolished the common law crime of bribery and made it difficult to fulfill the evidence requirements for prosecution of corruption. In Nigeria, the Independent Corrupt Practices and Other Related Offenses Act of 2000 is considered to be based on best practices; however, it has been weakened by numerous legal challenges from the courts and National Assembly, particularly regarding the anticorruption agency's mandate.

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### Ineffective Judicial Systems Hamper Prosecution of Corrupt Officials

Most of the countries that we reviewed also lack an effective system for publicly prosecuting or sanctioning corrupt officials. Corruption in the judiciary, combined with other weaknesses such as poor legal training, an insufficient number of prosecutors, limited resources, and weak enforcement of laws impedes attempts to investigate and prosecute corruption cases and results in considerable delays in prosecuting such cases. In Zambia, a 2003 survey suggested that, by not prosecuting and convicting public officials for corrupt practices, governments demonstrate a lack of political will to address corruption. For example, a 2003 South African study reports that long court delays and a high rate of withdrawal of cases have conveyed the message that corrupt officials can act with impunity.

According to a 2000 USAID governance study in Uganda, from 1996 to 2001, only 10 of the 16,361 new corruption-related cases handled by the Inspector General of the Government from 1996 to 2001 resulted in convictions. In Mozambique, data provided by USAID indicate that during a 12-month period that ended in October 2003, the anticorruption unit based in the Attorney General's office investigated 116 cases and convicted three individuals. According to a USAID official, corruption charges in Mozambique have been particularly difficult to prosecute owing to resistance by the court.

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### Public Tolerance of Corruption Is Common

According to government officials, corruption assessments, and donor documents, public acceptance or tolerance of corruption is common in many of the countries that we reviewed. While the public generally perceives corruption to have a negative impact on society, in some countries, people have become accustomed to it. For example, although

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both the WBI and TI indexes rank South Africa's corruption level as relatively low, a 2003 study by the UN Office on Drugs and Crime found that corruption in that country has become a part of the "national psyche." In addition, other documents state that corruption is often tolerated in certain forms, such as nepotism: in many African countries, it is expected that those in a position to help family or tribal members and other associates will do so by providing jobs, contracts, or other opportunities. In Zambia, a 2003 TI study states that the widespread public acceptance of corruption is one of its main causes.

A 2000 USAID assessment of democracy and governance in Uganda states that the public commonly expects that people in power will take advantage of their positions. Another recent study in Uganda reported that 39 percent of the respondents agreed with the following statement: "It is acceptable to bend the law as long as one does not break it." In addition, the head of Nigeria's anticorruption commission told us that the level of corruption in the country had led to a change in the nation's moral fabric, so that it is considered acceptable to use one's position to increase his or her income.

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## U.S. Anticorruption Programs in Sub-Saharan Africa Were Broadly Integrated and Received Limited Funding

The United States has taken a broad approach to addressing corruption in sub-Saharan Africa. Funding for U.S. anticorruption programs represented about 2.4 percent of U.S. assistance to the region in fiscal years 2001–2002. In general, these programs have addressed corruption both directly and indirectly by working to create an environment not conducive to corruption. U.S. agencies' anticorruption assistance has been coordinated formally and informally and has included a wide range of programs. However, U.S. law enforcement assistance programs have been limited by legislative restrictions. Few U.S. anticorruption programs have been evaluated, often only as components of larger programs.

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## U.S. Programs in Sub-Saharan Africa Received Limited Funding

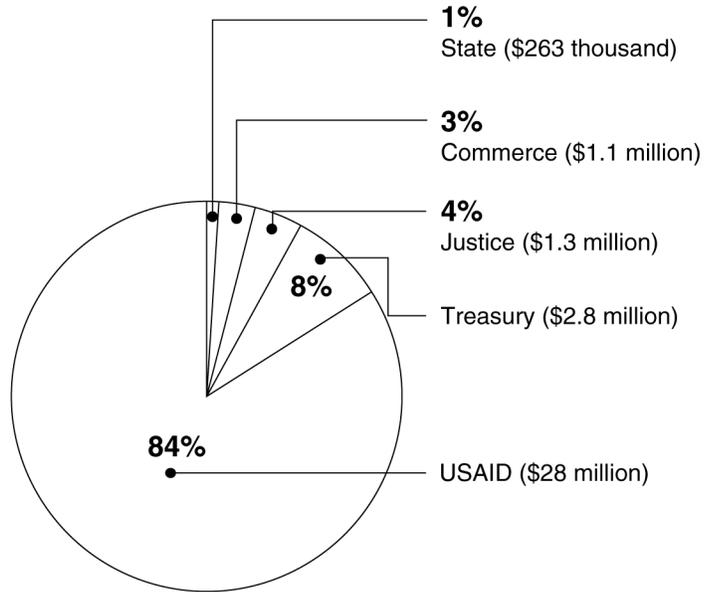
In fiscal years 2001–2002, U.S. funding for anticorruption assistance to sub-Saharan Africa averaged about \$33 million per year,<sup>10</sup> a small portion of the more than \$1.4 billion in average annual U.S. assistance to the region. Programs were implemented by USAID and the Departments of the Treasury, Justice, Commerce, and State, with USAID’s programs accounting for about 84 percent of the funding (see fig. 4). U.S. programs operated in 22 countries, with budgets ranging from \$50,000 to \$7.6 million. The largest programs were in Nigeria and South Africa, with reported annual funding of \$7.6 million and \$3.9 million, respectively. Ten countries, plus regional programs, each were reported to have received more than \$1 million in anticorruption assistance (see fig. 5).<sup>11</sup> USAID’s civil society programs constituted the largest number of the agency’s anticorruption programs, with average annual funding of nearly \$6.7 million in fiscal years 2001–2002. As shown in figure 6, there are a wide range of anticorruption programs in the region, many of which receive relatively small amounts of funding. Decisions about programming are made by the U.S. personnel working in the region.

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<sup>10</sup>A 2003 USAID inventory of its fiscal years 2001–2002 global anticorruption programs requested missions to estimate the portion of programs that were related to anticorruption activities. The Department of State provided funding data for anticorruption projects and diplomacy for fiscal years 2001–2002. The program funding data we obtained for the Departments of the Treasury, Justice, and Commerce did not indicate which parts of the agencies’ programs were tied to anticorruption objectives.

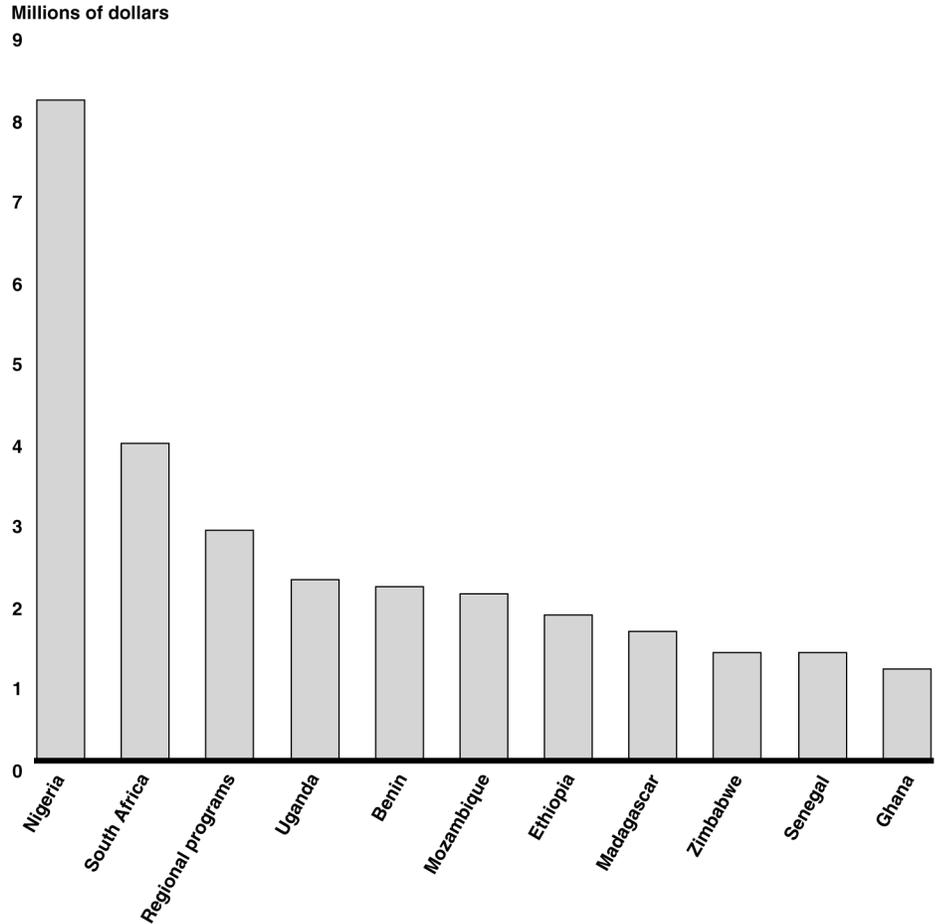
<sup>11</sup>In the following 12 countries, the average annual amount of annual anticorruption assistance was less than \$1 million: Mali, Angola, Namibia, Democratic Republic of Congo, Malawi, Rwanda, Kenya, Zambia, Tanzania, Chad, Guinea, and Botswana.

**Figure 4: Annual Averages of U.S. Anticorruption Assistance to Sub-Saharan Africa, Fiscal Years 2001–2002**



Sources: GAO analysis of data from USAID and Departments of the Treasury, Justice, Commerce, and State.

**Figure 5: Sub-Saharan African Countries or Programs Receiving U.S. Anticorruption Assistance in Excess of \$1 Million, Fiscal Years 2001-2002**



Sources: GAO analysis of data from USAID and Departments of the Treasury, Justice, Commerce, and State.

In June 2003, USAID’s Africa Bureau established a \$7.5 million annual anticorruption initiative to fund new anticorruption programs proposed by USAID missions that were reviewed and selected by Washington headquarters staff. USAID anticipates that this initiative will allow it to pilot innovative approaches that will contribute to an emerging set of best practices for improving transparency and accountability in Africa. USAID also expects this initiative to capitalize on what the agency considers its comparative advantage within the development community—having staff in countries to work on developing civil society organizations to advocate

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for, monitor, and help sustain anticorruption efforts. According to a USAID official, nine countries received funding from this initiative in 2003.<sup>12</sup>

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## U.S. Agencies Addressed Corruption Directly and Indirectly

The United States pursues a mix of programmatic and diplomatic efforts to address anticorruption goals. U.S. anticorruption programs developed in sub-Saharan Africa were intended to address corruption both directly and indirectly. According to USAID anticorruption specialists, USAID programs directly addressed corruption through work with civil society to promote advocacy, legislative initiatives to promote transparency and accountability, support for supreme audit agencies, and work with anticorruption commissions. The agency indirectly addressed corruption by supporting elections and privatization. (The direct and indirect approaches sometimes overlap, however, and certain programs such as the drafting of legislation may fall into either category depending on the program's focus.)

The Department of State has promoted efforts considered to directly address corruption by negotiating international agreements to establish legal frameworks to combat corruption<sup>13</sup> and supporting the participation of African representatives in developing such agreements. In addition, State has addressed corruption indirectly through its public diplomacy programs in the region, which included presentations and conferences to local officials on corruption and related issues such as privatization and investigative reporting.

The Department of Justice, with funding from State and USAID, has indirectly addressed corruption by providing law enforcement assistance through the International Criminal Investigative Training Assistance Program (ICITAP) and the Office of Overseas Prosecutorial Development Assistance and Training (OPDAT). ICITAP provides technical advice, training, mentoring, equipment donations, and internships with model criminal justice organizations to enhance the capabilities of police organizations in emerging democracies. OPDAT develops and implements criminal law assistance programs to enhance the ability of selected foreign

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<sup>12</sup>These countries include Benin, Kenya, Madagascar, Mozambique, Rwanda, South Africa, Tanzania, Zambia, and Nigeria.

<sup>13</sup>See appendix II for a description of key international anticorruption agreements that relate to sub-Saharan Africa.

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countries to investigate and prosecute criminal offenses effectively and cooperate with the United States more fully in combating transnational crime.

Other U.S. efforts to address corruption indirectly have included the Department of the Treasury's provision of advisers from the Office of Technical Assistance to assist with debt and financial management, budget transparency, tax systems, and financial crimes. In addition, the Department of Commerce provided training and consultation to local lawmakers and lawyers to evaluate, revise, and implement laws related to investment and trade, focused on Nigeria and Angola as well as West Africa and Southern Africa regional programs.

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## U.S. Programs Lack a Comprehensive Anticorruption Strategy

USAID has conducted its anticorruption activities in sub-Saharan Africa to date without the benefit of a comprehensive strategy and has relied on mission program strategies that have sometimes included anticorruption objectives. USAID anticorruption programs are generally developed at its missions. In 2003, the Africa Bureau prepared an Africa Anti-Corruption Initiative for anticorruption programs that are proposed by the missions and selected by Washington headquarters staff. USAID said it would develop performance monitoring plans to evaluate performance, record results, and formulate lessons learned for the programs that will be funded under this initiative.

USAID's Inspector General, reporting on the agency's worldwide anticorruption efforts in 1998, found that its anticorruption activities in Africa were less developed than in other geographic regions.<sup>14</sup> The report recommended that USAID set program priorities and performance measures in order to develop a strategy for implementing its anticorruption programs. Since 1998, USAID has issued a number of resource documents, a handbook, and an analysis of its worldwide anticorruption work that identified how the agency has approached anticorruption activities. However, 5 years after the Inspector General's report, USAID still lacks a comprehensive strategy for all anticorruption assistance, although we were told in March 2004 that a draft strategy was prepared and being reviewed. USAID officials stated that the agency has nearly completed its review of

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<sup>14</sup>U.S. Agency for International Development, Office of the Inspector General, *Audit of the Status of USAID's Anti-Corruption Efforts in Assisted Countries*, 9-000-98-002-P (Washington, D.C.: 1998).

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the draft strategy, which will then be provided to other U.S. agencies and implementing partners for comment. USAID officials said they expected the strategy to be issued later this year.

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### Coordination of U.S. Anticorruption Assistance Has Been Both Formal and Informal

Coordination of U.S. anticorruption assistance has been both formal and informal and has been conducted in various forums that included coordination (1) in USAID headquarters, (2) between U.S. agencies in Washington, (3) between U.S. agencies at the missions, and (4) between U.S. agencies and other donors in the field.

Since 1998, USAID has convened an informal headquarters working group on corruption issues that is open to all of its bureaus. Representatives of State's Bureau for International Narcotics and Law Enforcement Affairs (INL) and USAID's Office of the Inspector General have participated in these meetings.

Since 2002, interagency coordination in Washington has been conducted by the National Security Council (NSC) and the Department of State through ad hoc interagency meetings, according to Department of State and USAID officials. Prior to September 2001, interagency anticorruption coordination was linked to democracy development and counterterrorism. According to State officials, in 2002, the NSC directed INL to survey how foreign governments and assistance programs were addressing corruption. However, this effort was never completed. In 2003, State coordinated interagency support for a U.S. anticorruption initiative focused on budget transparency that was adopted by the Group of Eight (G8) at its June 2003 meeting.<sup>15</sup> This initiative was intended to mobilize G8 countries' efforts to fight corruption and mismanagement of public resources.

According to USAID, interagency coordination at missions has involved interagency committees to coordinate policy concerning anticorruption or related programs. However, since anticorruption programs in sub-Saharan Africa are limited, and the majority are implemented by USAID, the need for interagency coordination is also limited. USAID officials reported generally good coordination between the embassies and USAID missions on anticorruption programs and objectives and that Ambassadors often

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<sup>15</sup>Group of Eight, *Fighting Corruption and Improving Transparency: A G8 Action Plan*, [http://www.g8.fr/evian/english/navigation/2003\\_g8\\_summit/summit\\_documents/fighting\\_corruption\\_and\\_improving\\_transparency\\_-\\_a\\_g8\\_declaration.html](http://www.g8.fr/evian/english/navigation/2003_g8_summit/summit_documents/fighting_corruption_and_improving_transparency_-_a_g8_declaration.html).

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paid close attention to anticorruption programs. Further, USAID's programs are subject to a formal State approval as part of the embassy's Mission Policy Plan.

In the countries we visited, we observed that U.S. agencies use various means, as follows, to coordinate their anticorruption activities among themselves and with other donors.

- In Nigeria, USAID and the UN Development Program cochair donor governance activities, which are the chief coordinating mechanisms for international anticorruption assistance. USAID and other donors closely coordinated their activities during the 2003 elections by jointly funding an election results management center and a public Web site to promote transparency of election results. USAID and other donors also participated in a cooperative review of the 2003 elections. However, in the area of court administration, USAID's contractor told us that he did not know how the United Kingdom was planning to carry out its program and that he had not been informed for at least 2 months about a breakdown in the electronic court reporting system in Lagos (where donors had some court administration activities).
- In Mozambique, USAID, State, and Department of Justice officials have worked together to coordinate their assistance to the anticorruption unit in particular and to the judicial and law enforcement sectors in general. USAID and donor representatives told us that overall coordination among donors was good, particularly in the area of democracy and governance, which includes anticorruption activities. Donors, whose contributions totaled about \$800 million in 2003, play an influential role in the country, because they finance more than 50 percent of the national budget. At least six donor working groups were used to coordinate government reforms addressing corruption issues, but there were no formal mechanisms for coordinating anticorruption programs.

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## U.S. Anticorruption Assistance Covers a Wide Range of Programs

U.S. anticorruption programs generally fall into one or more of the following categories: (1) strengthening civil society; (2) promoting legal, judicial, and regulatory reform; (3) privatizing government functions; (4) enhancing government accountability; (5) providing election assistance; (6) supporting anticorruption agencies; and (7) assisting law enforcement (see fig. 6).

**Figure 6: U.S. Anticorruption Programs in Sub-Saharan Africa, Fiscal Years 2001–2002**

		Angola	Benin	Botswana	Chad	Congo, Dem. Rep.	Ethiopia	Ghana	Guinea	Kenya	Madagascar	Malawi	Mali	Mozambique	Namibia	Nigeria	Rwanda	Senegal	South Africa	Tanzania	Uganda	Zambia	Zimbabwe	Regional programs
Civil society	Civil society advocacy	✓	✓		✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Legal, judicial, regulatory	Commercial law	✓								✓	✓	✓	✓	✓	✓	✓				✓				✓
	Judicial reform, court administration		✓			✓	✓					✓		✓	✓			✓		✓				
	Legislature reform		✓											✓		✓		✓	✓	✓		✓		
	Decentralization, local government development		✓											✓		✓	✓	✓	✓	✓				
	Financial sector					✓									✓			✓		✓				✓
	International agreements																	✓				✓		✓
	Customs reform																							✓
Privatization	Private sector development														✓			✓						
Accountability	Tax, budget, accounting reform		✓	✓		✓	✓	✓		✓	✓	✓		✓	✓	✓	✓	✓		✓				✓
	Sectoral programs		✓							✓		✓	✓	✓				✓		✓				✓
	Supreme audit institutions		✓														✓							
	Public procurement		✓																					
Elections	Election reform		✓											✓						✓	✓			
Anticorruption	Anticorruption agency											✓	✓	✓										
Law enforcement	Police training		✓			✓						✓	✓	✓		✓		✓		✓				
	Prosecutor training										✓	✓	✓	✓			✓				✓			

Sources: GAO analysis of data from USAID and Departments of the Treasury, Justice, Commerce, and State.

**Strengthening Civil Society**

The most widespread U.S. anticorruption initiatives in sub-Saharan Africa are civil society programs that work to increase public awareness and knowledge about the impact of corruption, decrease public acceptance of corrupt behaviors, and encourage the citizens to become involved in government oversight. USAID has included civil society programs in 15 of the 22 countries in sub-Saharan Africa where the United States has implemented anticorruption programs (see fig. 6). USAID has also supported the start-up and strengthening of nongovernmental

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organizations (NGO) to build advocacy, administrative, and research skills. Examples of USAID's programs include the following:

- In Mozambique, a local NGO called Etica issued a 2001 report on an anticorruption survey followed by a public awareness campaign. According to U.S., donor, and Mozambican officials, the survey raised public awareness of corruption but this did not result in support from the Government of Mozambique.
- In Ghana, USAID implemented a program called Government Accountability Improves Trust to increase the capacity of civil society organizations to advocate for the interests of their members to local government and improve governance, transparency, and accountability at the local level. According to USAID, public budget meetings were held in 10 of the 110 administrative districts of Ghana, affording citizens the opportunity for the first time to view their district's budget and pose questions to their representatives. In four districts, 692 people participated in meetings where citizens queried the electricity, water, and telephone companies about corruption, inadequate services, and rates. USAID said that district assembly officials were subsequently more open to considering the concerns raised by civil society.
- In Uganda, USAID reported that it provided training in advocacy and effective lobbying in Parliament to 32 civil society organizations to increase their oversight of national government programs. USAID also trained an additional 80 NGOs at the district level to provide oversight for local governments.
- In Madagascar, USAID provided training and the administrative and logistical costs associated with its start-up to individuals who established a national TI chapter.

## Supporting Legal, Judicial, and Regulatory Reforms

U.S. anticorruption assistance has supported a broad range of programs to help reform legislatures, judicial and court administration, financial sectors, commercial law, international anticorruption agreements, and customs, as well as to help decentralize government services. U.S. assistance included the following programs:

- In several African countries, USAID worked with the World Bank to analyze obstacles to private sector investment and reduce red tape. In Tanzania, the Investor Roadmap study decreased the number of clearances required for work permits and reduced the number of

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months before a company could start business operations. In Mozambique, USAID support for a business association and its 2001 study of government efforts to reduce red tape contributed to the passage of new laws and revised regulations that simplified the business registration process and import and export controls. As a result, opportunities for corrupt officials to solicit bribes were reduced and, according to the business association, the time required to register a business dropped from about 18 months to 6 months.

- In Mozambique, USAID supported the country's Legal and Judicial Training Center to provide short- and long-term training to the staff of the Attorney General's Anti-Corruption Unit and other government personnel. This support covered expenses for course participants and trainers, equipment, and curriculum development. However, the center's financial sustainability was not ensured. The center has been supported by donors since it opened in 2000, and the director was uncertain whether it would be able to continue operations if donor funding decreased. However, USAID officials believed that without donor assistance, the center could still maintain basic operations because it receives partial government funding.
- In Nigeria, the Department of Commerce's Commercial Law Development Program provided technical assistance and training to the government on intellectual property, public procurement, ethics, project finance, and regulatory reform through workshops in Nigeria and the United States.
- In South Africa, the U.S. Department of Justice's antitrust division and the Federal Trade Commission provided technical assistance and training to the South African Competition Commission to limit anticompetitive behavior. The USAID mission reported that pricing collusion had been uncovered and prosecuted successfully.

## Privatizing Government Functions

U.S. assistance has helped support privatization processes to allow for greater transparency and to build trust that the process was fair. According to USAID, privatizing government-owned assets in addition to supporting economic growth is a recognized method of limiting officials' opportunities to seek bribes and promote special interests. Following are examples of U.S. assistance programs:

- In Nigeria, USAID advised, trained, and subsidized the salaries of private sector experts in the Bureau of Public Enterprises (BPE) and provided a

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computer database to support privatizing state-owned enterprises. The Nigerian government adopted a three-phase program and a review process for enterprises that were to be privatized. According to USAID, BPE's goal was to privatize 44 enterprises in 2001 and 2002, but only 15 enterprises were privatized during those years. BPE has become an established government agency and received World Bank support to continue the privatization process.

- In South Africa, USAID provided assistance for restructuring and privatizing state-owned telecommunications, ports, ecotourism projects, and mining companies by keeping the public informed of the projects' progress and developing policies for employee stock ownership. Another initiative helped create public-private partnerships in hospitals, schools, and transportation to deliver cost-effective services.
- In Uganda, the U.S. Department of the Treasury, Office of Technical Assistance, placed an adviser within the Central Bank to assist with privatizing the Uganda Commercial Bank. This also resulted in a system for asset management.

## Enhancing Government Accountability

U.S. agencies have supported reforms and provided technical training and advice to enable governments to better account for public funds and establish standards for public servants. Following are examples of U.S. assistance programs:

- In Chad, the U.S. Department of the Treasury's Office of Technical Assistance provided an adviser to assist the Chad-Cameroon Pipeline Committee, an oversight body formed in 2001, responsible for overseeing distribution of revenue from Chad's newly discovered oil reserves.<sup>16</sup> The Treasury adviser provided the committee logistical and technical assistance that included developing a manual on reviewing public expenditure. Treasury officials told us that the committee is operational, and that the agency will consider sending another adviser to Chad to assist with its operations.

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<sup>16</sup>The Chad-Cameroon Pipeline Committee represents one of the first efforts in Africa to ensure that extractive industry revenue is spent on development projects and not misappropriated for corrupt purposes. It is estimated that oil revenues could provide Chad and Cameroon with \$2 billion and \$500 million, respectively, over the next 25 years.

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- In Nigeria, USAID's objective was to train Budget Office of the Federation staff in planning and budget classifications. Initially, the project had few results, because contractor staff failed to keep their commitment to work with high-level Nigerian government officials. Support within the government has also been mixed, because vested interests oppose changes that could improve government transparency and accountability. However, according to USAID, despite initial difficulties, this project has begun to realize improvements in budget formulation and management.
  - In Mozambique, USAID has collaborated with other donors and the government since 1999 in developing a common set of agriculture policies and programs to restructure the Ministry of Agriculture and Rural Development. The objective of these programs is to link budget and planning information, the release of donor funds, and financial reports. According to USAID's agriculture adviser in Mozambique, it took 3 years to install the new financial management system, indicating that the Ministry's systems had been weaker than anticipated. As a result of the program, financial transparency in the Ministry was improved. This program served as a pilot for similar multidonor, sectorwide programs that are being developed in Mozambique's health and education sectors. It was also a model for a donor-funded, governmentwide financial management system.
  - In Benin, USAID provided training, computers, and equipment to the Chamber of Accounts of the Supreme Court and the Ministry of Economics and Finance's Office of the Inspector General of Finance. The assistance helped these institutions create an audit manual and initiate new audits including a review of electoral campaign expenses. USAID reported that these agencies exceeded the number of audits they had planned, and that their findings have resulted in prosecutions.
  - In South Africa, USAID worked with the Parliament's Public Accounts Committee to help members understand auditor-general reports, conduct investigations, and handle public testimony to determine whether public officials should be cited. USAID reported that hearings and trials of corrupt officials resulted, and that similar training was later provided by professional associations to legislators in nine provinces.

## Providing Election Assistance

The U.S. government provided assistance in a few instances to strengthen the national elections and the role of NGOs during elections. Examples of U.S. assistance include the following:

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- In Nigeria, USAID election assistance over the past 5 years has supported preparing manuals, providing materials to safeguard ballots, developing strategic logistic plans, training officials, and helping draft a new election law. For the 2003 national and state elections, USAID provided about \$625,000 to lease communications equipment for the rapid transmittal of results from some of Nigeria's polling stations and \$1.3 million for materials designed to reduce ballot fraud. However, U.S.-provided training did not reach some of the wards, and on election day, nontrained workers were substituted for trained workers, according to an NGO official. Also, materials to secure ballot boxes and tamper-proof envelopes were not distributed by the Electoral Commission in time to be used, and 70 percent of these materials remained in warehouses in the capital during the election. Election observers noted numerous violations, could not determine the validity of the election, and could not attest to the impact of the violations on the final election results.<sup>17</sup> An Electoral Commission official told us that, as of September 2003, 917 of the approximately 1,600 elections conducted in 2003 had been disputed and taken to the Electoral Tribunal for resolution.
  - In Benin, as part of its civil society development programs, USAID supported civil society organizations that trained poll watchers and political party representatives in election procedures.
  - In Uganda, USAID provided training to the NGO Election Monitoring Group that enabled it to monitor and report on local trends and issues in the local elections held in February 2002.

## Supporting Anticorruption Agencies

USAID has concluded that supporting anticorruption agencies is warranted if the agencies have a mandate for reform and involve the public in monitoring and reporting on the agency activities. Although a number of African governments<sup>18</sup> have established anticorruption agencies, many of these agencies have not been able to fulfill their mandates. Some anticorruption agencies have encountered legal challenges when they

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<sup>17</sup>Peter Lewis, "Nigeria: Elections in a Fragile Regime," *Journal of Democracy* 14 (July 2003): 131.

<sup>18</sup>A 2002 Department of State survey found that 14 of 29 sub-Saharan African countries that responded had established some form of anticorruption agency, such as a special court or commission, that may have multiple mandates including law enforcement, prevention, and education.

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began to prosecute government officials.<sup>19</sup> In addition, some commissions have operated under the executive branch of government, calling into question their political independence and authority.<sup>20</sup> Further, some commissions lacked resources and were too understaffed and underfunded to be effective.<sup>21</sup> U.S. assistance included the following programs:

- In Mozambique, USAID and OPDAT have provided technical assistance and training to help the Attorney General's office create an Anticorruption Unit staffed by four principal prosecutors and an assistant prosecutor. U.S. support also included purchasing office equipment and furniture, providing funds to rent office space, training prosecutors, and supporting study tours abroad to meet with foreign officials running similar programs. OPDAT also provided a series of training programs on techniques to investigate allegations of public corruption. According to a U.S. official, from November 2002 to October 2003, the Anticorruption Unit received 116 crime reports—which the official interpreted as a sign of public confidence in the unit—11 of which resulted in formal charges and three sentences. In November 2003, the unit also sponsored a public exercise to discuss its work to date, a step toward transparency typically not seen in the Mozambican justice sector. The head of the unit works at great personal risk, having survived an attempt on her life.
- In Nigeria, Justice's OPDAT provided prosecutorial and investigative training to the anticorruption commission. However, the National Assembly challenged the commission's authority in 2003, thereby delaying further U.S. assistance. By September 2003, commission officials stated they had conducted 56 prosecutions, resulting in no convictions. The commission's administrators said that they had received only 25 percent of the budget they requested. According to OPDAT officials, additional factors that hinder the commission's

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<sup>19</sup>In 2000, the Kenyan Anti-Corruption Authority was ruled unconstitutional and dissolved by the High Court and a police antigraft unit formed to undertake some of the authority's anticorruption activities accomplished very little. The Kibaki administration, elected in December 2002, created a new Kenyan Anti-Corruption Commission.

<sup>20</sup>In Benin, the anticorruption commission has low credibility and a poor record of anticorruption investigations and operates under the jurisdiction of the executive branch, according to USAID.

<sup>21</sup>In Uganda, an Anticorruption Commission was created in the mid 1990s but lacked sufficient funding to undertake its work, according to a 2000 USAID assessment.

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effectiveness are that certain high-level officials are immune from prosecution for public corruption while holding office and that it is not permitted to initiate investigations.

- In Namibia, USAID helped the Office of the Ombudsman, which USAID regards as an anticorruption unit, collaborate with civil society organizations in a national integrity promotion campaign.

## Strengthening Law Enforcement

To strengthen law enforcement agencies, the United States, primarily through the Department of Justice, has performed needs assessments and provided technical training in the investigation and prosecution of corruption-related crimes. An integral part of the training has involved building respect for human rights.

- In Nigeria, ICITAP's in-country representative stated that assistance has indirectly addressed corruption and included training on community policing techniques for more than 450 constables.<sup>22</sup> In addition, ICITAP provided election security training and equipped and trained police squads, primarily from the states of Kaduna, Kanu, and Lagos, in civil disorder management. Both U.S. officials and the Nigerian police told us that these squads deterred violence during the 2003 elections.
- In South Africa, with USAID funding, OPDAT worked with the National Prosecuting Authority and its subsidiary, the Directorate of Special Operations, an agency that investigates and prosecutes serious corruption. OPDAT funded an organizational workshop, helped develop guidelines to prosecute organized crime cases, trained prosecutors to investigate complex financial fraud, and provided expertise on applying a new organized crime statute. As a result of this training, the Directorate of Special Operations developed a national screening and approval process for prosecuting organized crime cases.
- In Uganda, Treasury's Office of Technical Assistance provided training and assistance on money laundering and worked with the Ugandan Office of the Inspector General.

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<sup>22</sup>We were unable to obtain reliable information on the number of Nigerian national police. However, according to the Department of Justice, the police force is currently estimated to number 300,000.

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## Restrictions on Law Enforcement Assistance and Funding Flow Affect Program Development

U.S. government anticorruption law enforcement programs are limited by a restriction on law enforcement assistance imposed by section 660 of the Foreign Assistance Act of 1961.<sup>23</sup> This provision prohibits the use of foreign assistance funds, including funds transferred by USAID to the Department of Justice, to finance ICITAP and OPDAT activities for training and financial support of police or other law enforcement forces of foreign governments.

USAID can develop assistance programs for law enforcement agencies only if such programs qualify for funding under one of several exceptions to the section 660 prohibition<sup>24</sup> or if Congress specifically exempts them from section 660. For example, in 1999, USAID began to operate in Nigeria under an exception (22 U.S.C. 2420(b)(6)) that allows for certain types of police assistance to countries emerging from conflicts. Later, after USAID determined that the exception no longer applied because Nigeria could no longer be classified as emerging from instability, USAID redesigned its anticorruption program and did not implement a planned community policing program in that country.

The USAID mission in South Africa reported that the restrictions on foreign law enforcement assistance limited its ability to support South African government agencies involved in fighting corruption. In addition, some U.S. agencies evidenced confusion about the type of assistance that could be provided. For example, USAID's General Counsel determined that the South African Special Investigating Unit was a law enforcement agency and that consequently USAID was restricted from working with it; meanwhile, the Federal Bureau of Investigation (FBI) home office determined that the unit was not a law enforcement agency and therefore did not qualify for FBI funding. In Zambia, USAID was unable to work with the anticorruption unit. The USAID Administrator initially offered the agency's assistance to help support investigations by a Task Force on Corruption. However, while the program was getting under way, USAID determined that it would not

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<sup>23</sup>P.L. 93-559, sec. 30(a); 22 U.S.C. 2420.

<sup>24</sup>Exemptions include (1) assistance to countries emerging from instability, (2) spending related to international narcotics control, (3) programs to enhance professional capabilities to carry out investigative and forensic functions conducted under judicial or prosecutorial control (22 U.S.C. 2346c), (4) programs to assist in developing academic instruction and curricula for training law enforcement personnel (22 U.S.C. 2346c), and (5) assistance to customs authorities for customs law enforcement and improving customs laws, systems, and procedures.

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fund this work because the Task Force and the Anticorruption Commission had police powers and thus were ineligible for the agency's assistance. According to USAID, the mission was able to use the Administrator's grant to fund work with the Director of Public Prosecutions, whereas assistance to the Task Force on Corruption was provided by Treasury's Office of Technical Assistance.

The Department of Justice's ICITAP also said that the slow transfer of funds it received from State for its law enforcement work hindered its efforts to develop integrated police training programs and, as a result, its assistance ended up being piecemeal.<sup>25</sup> According to Department of Justice officials, uncertainty about the amount of funding ICITAP would receive made it difficult for them to plan the bureau's work in sub-Saharan Africa. For example, in Nigeria, ICITAP had to wait 1 year for funds to begin a program with the Police Service Commission. State officials were unable to provide data on the department's funding of justice programs in sub-Saharan Africa. USAID officials stated that certain budgetary accounts are funded only once a fiscal year, creating delays in program implementation.

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### Few Evaluations of Anticorruption Programs Have Been Conducted; Program Results Unclear

USAID provided eight program evaluations of its anticorruption activities in sub-Saharan Africa and these evaluations showed limited and unclear results.<sup>26</sup> For example, an evaluation of a USAID government accountability program in Ghana showed that the program had increased the level of trust between civil society and the district government but that the program's final goals and sustainability were not clear. An evaluation of democracy and governance assistance to Benin showed that an NGO supported by USAID had been successful in raising public awareness of corruption. However, an evaluation of an economic rehabilitation program in Sudan, which included an objective to increase good governance and institute accountability and transparency measures into government practices, found no evidence that government officials implemented any of

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<sup>25</sup>GAO has previously reported on problems coordinating U.S. rule-of-law assistance. For example, see U.S. General Accounting Office, *Foreign Assistance: Status of Rule of Law Program Coordination*, GAO/NSIAD-00-8R (Washington, D.C.: Oct. 13, 1999).

<sup>26</sup>These evaluations were conducted between February 1991 and December 2003; 6 of the 8 evaluations were completed since 2000. The Departments of the Treasury, Justice, and Commerce told us that they monitor their anticorruption activities with periodic and end-of-program reports but have not evaluated their programs.

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the measures. According to USAID officials, their work in Sudan was impeded by a lack of a viable civil administration.

Further, in several cases, the evaluations provided incomplete information. In reviewing the evaluations, we found it difficult to identify the programs' anticorruption objectives, the degree to which the objectives were met, and the degree to which the programs were sustainable.

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## Anticorruption Efforts Have Identified Some Lessons Learned

Anticorruption efforts in sub-Saharan Africa and elsewhere have shown that success in such efforts depends on (1) political will, (2) widespread public support, (3) country-specific programs, (4) multipronged strategies, (5) transparency and access to information, and (6) time and commitment.

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## Political Will Is Key to Fighting Corruption

Donors and international groups generally agree that political will and commitment from a country's leadership are instrumental to implement and sustain anticorruption reform efforts. However, maintaining political will may be difficult for elected officials, because their ability to stay in office may be challenged by those with vested interests in the current system. While political will can be uneven across government, working with leaders who are committed to sustaining and advancing reform is crucial.

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## Widespread Support Is Key to Advancing Reform

In addition to clear and unambiguous commitments from key political figures, widespread support for change is necessary to advance comprehensive anticorruption reforms, according to Transparency International. According to USAID, public-private partnerships that include government, the private sector, civil society, and the media have proven to be successful in identifying governance problems, agreeing on solutions, and implementing reforms. In addition, campaigns by civil society groups to raise awareness of corruption problems or mobilize the public to support specific reform agendas have been the starting point for developing political will in many countries.

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## Anticorruption Programs Must Be Tailored to Local Conditions

For anticorruption programs to be effective, they must be tailored to each country's unique historical and economic conditions, including the legacy of colonial and socialist governments in some sub-Saharan African countries. According to the World Bank and USAID, a baseline assessment

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of the nature, extent, and root causes of corruption in a country is a critical first step to planning and implementing anticorruption activities. Based on this information, both government and donors can develop reform strategies and priorities. In addition, the results of anticorruption assessments should be widely disseminated to clarify the nature and extent of the problems, mobilize support, and develop action plans.

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### Multipronged Strategy Is Key to Anticorruption Efforts

Prevention, education, and law enforcement are considered to be equally important components of a multipronged strategy to comprehensively address corruption, according to the UN, the World Bank, and national anticorruption institutions.

- Prevention measures include increasing transparency and oversight of government functions; eliminating opportunities for corruption; improving incentives for good performance in public office; and simplifying procedures for basic services such as granting permits, licenses, bank loans, and passports.
- Education measures include informing citizens about how corruption lowers their standard of living and about their role in monitoring government performance and reporting abuses. Without such information, citizens may not understand their role in addressing corruption.
- Law enforcement activities include prosecuting, fining, or imprisoning corrupt officials. (Law enforcement, while key to this approach, is most effective when combined with prevention and education, according to the World Bank.)

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### Transparency and Access to Information Is Important

Transparency and access to information are also indispensable tools for enabling the public to identify and report corruption. According to USAID, without public access to information about government decision-making processes, anticorruption efforts will fail. Information about government policy, programs, budgets, fees for services, and performance should be available, permitting citizens to oversee government, hold it accountable, and ensure that their rights are respected

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## Controlling Corruption Requires Time and Commitment

Because addressing corruption is a complex political endeavor requiring governmentwide reform, corruption cannot be controlled quickly. As a result, long-term commitments are required to gain public confidence in efforts to prevent and control corruption. TI states that countries and donors should be wary of any single action billed as a “quick fix,” even if it is a sensible step in itself, such as increasing public sector wages, enacting anticorruption laws, prosecuting many corrupt officials, or relying on civil society organizations to drive change.

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## Conclusions

In sub-Saharan Africa, corruption is a daunting problem associated with underdevelopment, lack of government accountability, and limited capacity of public institutions; it has also become widely tolerated by the public of that region. U.S. government anticorruption programs in sub-Saharan Africa are relatively new, have received limited funding, and are broadly targeted across a number of areas. While few anticorruption programs in the region have been evaluated systematically, such analysis could be used in developing future programs and strategic plans. Evaluations could also help officials refine anticorruption objectives and performance measures. Although U.S. programs have made some progress in addressing and highlighting corruption problems facing the region, major challenges remain that appear to exceed the scope of what donors alone can achieve. Ultimately, U.S. anticorruption efforts, along with the efforts of other donors, will succeed only with long-term commitment and political and financial support from host governments, the private sector, and the public.

Because it is difficult to measure corruption directly, the World Bank Institute and TI indexes capture perceptions of corruption. In the context of the new Millennium Challenge Account, it is important to recognize that these indexes, although useful in showing broad differences across the globe, should be used with caution, particularly when attempting to differentiate among closely ranked countries.

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## Agency Comments and Our Evaluation

GAO received written comments on a draft of this report from USAID, which are reprinted in appendix VI. This appendix also contains GAO responses to the comments. In its formal comments, USAID highlighted additional information on its efforts to coordinate anticorruption assistance, lessons learned, and the sustainability and impact of this assistance, some of which we incorporated into the report as appropriate. The Departments of the Treasury, Justice, and State provided informal

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comments that we incorporated into the report as appropriate. The agencies generally agreed with our presentation of the issues and conclusions. We were also provided technical comments from the World Bank Institute that were discussed with officials and included in this report where appropriate.

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As agreed with your offices, unless you publicly announce the contents of this report earlier, we plan no further distribution until 30 days from the report date. At that time, we will send copies of this report to interested congressional committees as well as the Attorney General, the Secretary of the Treasury, the Secretary of State, the Secretary of Commerce, and the USAID Administrator. We also will make copies available to others upon request. In addition, the report will be available at no charge on the GAO Web site at <http://www.gao.gov>.

If you or your staff have any questions about this report, please contact me at (202) 512-3149 or at [gootnickd@gao.gov](mailto:gootnickd@gao.gov). Other contacts and staff acknowledgments are listed in appendix VII.

A handwritten signature in black ink that reads "David Gootnick". The signature is written in a cursive style with a large, looping initial "D".

David Gootnick  
Director, International Affairs  
and Trade

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# Scope and Methodology

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To assess what is known about the nature and extent of corruption in sub-Saharan Africa, we analyzed the indexes compiled by the World Bank Institute (WBI) and Transparency International (TI). We examined the data sources and methodologies used to construct each index and the statistical limitations inherent in each approach. To assess the reliability of the WBI and TI corruption indexes, we (1) interviewed WBI officials, (2) reviewed the methodology used to compile both indexes, (3) reviewed professional literature on measuring corruption, (4) compared the indexes against each other, and (5) performed some advanced statistical tests. In our report, we note the difficulties of measuring corruption and the limitations of both indexes. We determined that the data were sufficiently reliable to provide a broad gauge of corruption in sub-Saharan Africa and demonstrate that levels of corruption vary among sub-Saharan African countries. (See app. III for additional details of our analysis of the WBI and TI indexes.) In addition, we reviewed the World Business Environment Survey (WBES) and analyzed data for companies from sub-Saharan Africa that participated in the survey. To assess the reliability of the WBES survey, we reviewed the documentation provided by, and analyzed the data we obtained from, the World Bank Web site. The World Bank reported a number of quality control procedures, such as pretesting of instruments. However, the World Bank also noted that the response rates for African countries and for questions on corruption are relatively low. In addition, only 16 African countries were included in the survey. The survey questions we used had between 40 and 120 respondents per country. Because of the response rates and the numbers of respondents, differences between countries may not be significant. We determined that the WBES data were sufficiently reliable to report that corruption was perceived to be a problem for many of the African businesses responding to the survey and that perceptions of corruption varied by country.

To identify the factors that give rise to corruption in this region, we reviewed country surveys and studies funded by TI, the U.S. Agency for International Development (USAID), WBI, the United Nations (UN), and others since 2000. Our analysis of these documents focused on identifying broad themes and challenges facing sub-Saharan African nations. (See the bibliography for a list of documents used in this review.)

To determine the types of U.S. government programs providing anticorruption assistance in sub-Saharan Africa, we reviewed documents and interviewed key officials from USAID and the Departments of the Treasury, Justice, Commerce, and State in Washington, D.C. We also obtained the results of a 2003 USAID global survey that asked missions

about their anticorruption programs from 2001 and 2002 and the funding allocated to these efforts. To assess the reliability of USAID's data on its anticorruption programs, we (1) interviewed USAID officials about their data collection procedures, (2) reviewed their data collection instrument, and (3) examined the data collected using the instrument.<sup>1</sup> Our assessment showed that the data were sufficiently reliable for the purposes of identifying which agencies provide funding on anticorruption programs, identifying the countries that receive the most anticorruption funding, and establishing that anticorruption programs in sub-Saharan Africa receive limited funding.

In addition, we analyzed program documents and assessments from six countries in sub-Saharan Africa in which the U.S. government has undertaken anticorruption programs (Benin, Mozambique, Nigeria, South Africa, Uganda, and Zambia). We obtained more detailed information from the USAID missions in these countries. We also interviewed World Bank and UN Development Program officials to obtain their views on multilateral efforts in the region. Further, in September 2003, we spent a week in both Nigeria and Mozambique where we met with key U.S. and host government officials and with representatives from civil society and other donors to review past and ongoing anticorruption efforts. We also obtained funding data for programs implemented by the Departments of the Treasury, Justice, Commerce, and State.<sup>2</sup> The information on foreign law in this report does not reflect our independent legal analysis, but it is based on interviews and secondary sources.

To identify lessons learned regarding implementing anticorruption programs, we reviewed a wide range of documents and materials. These included USAID's policy guidance for its African programs as well as toolkits, handbooks, and other materials prepared by the World Bank, TI, the Organization for Economic Cooperation and Development's Development Assistance Committee, and the UN Office on Drugs and Crime. We also interviewed USAID and other donor officials working in the countries we visited and in Washington, D.C.

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<sup>1</sup>USAID's data derive from a self-reported survey. USAID headquarters officials reviewed the survey responses to ensure that these meet their criteria for anticorruption; the officials accept that the data may somewhat overstate the amount of funding directed to anticorruption activities.

<sup>2</sup>Because the information provided by the agencies did not isolate the components tied to anticorruption objectives, the data may overstate anticorruption funding.

# International Agreements Addressing Corruption in Sub-Saharan Africa

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Multilateral organizations have adopted agreements that prohibit the payment of bribes to government officials (the “supply” of corruption) and the solicitation of bribes or diversion of public funds by government officials (the “demand” for corruption). The Organization for Economic Cooperation and Development (OECD) has addressed the supply of corruption by adopting an agreement governing the conduct of the convention’s 35 industrialized signatories. Two African multilateral organizations, the Southern African Development Community (SADC) and the African Union (AU), have adopted agreements addressing supply and demand, but neither regime has entered into force. In 2003, the United Nations (UN) General Assembly adopted a convention that also addresses supply and demand. The Department of State expects that this convention will be the first anticorruption treaty applied on a global level.

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## OECD Convention

The OECD adopted its Convention on Combating Bribery of Foreign Public Officials in International Transactions in 1997. The convention requires its 35 signatories to adopt common rules to punish companies and individuals who offer or promise a bribe to foreign officials to obtain or retain business or other improper advantage in international business deals. Unlike the Foreign Corrupt Practices Act (FCPA), which the United States enacted in 1977,<sup>1</sup> the convention does not apply to payments to campaigns or political parties. According to government officials with whom we spoke, this omission can be problematic when applied to parliamentary systems in which political parties exert significant control over government appointments and actions. Also, the laws that the convention requires member states to enact are not easily applied to legally distinct foreign subsidiaries of a corporation unless their actions can be imputed to their parent.

According to U.S. government officials and experts, the key element of the OECD convention is a peer-review mechanism, organized by the OECD Secretariat but implemented through teams drafted from signatory countries. The reviews, which are intended to continue indefinitely on a 5- to 8-year cycle, are conducted in two phases. The first phase is intended to ensure that OECD members have enacted laws satisfying the requirements of the antibribery convention. The second phase examines the extent to which OECD members are enforcing their antibribery laws and examines

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<sup>1</sup>15 U.S.C. 78 dd-1, et seq.

both the efficiency of the procedures employed by the member and the member's commitment to enforce its antibribery law. The initial round of first-phase reviews is complete when all signatories have attained the OECD standard. OECD members are currently engaged in second-phase reviews, having issued five second-phase reports as of December 13, 2003, including a review of the United States' application of antibribery legislation issued in October 2002.<sup>2</sup>

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### African Regional Initiatives

SADC and AU<sup>3</sup> have adopted anticorruption regimes in an effort to harmonize the laws of their member states. However, neither regime has entered into force, so neither legally binds its signatories.<sup>4</sup> These regimes are intended to criminalize, among other things, the solicitation of bribes and diversion of public funds by government officials. Both the SADC Protocol Against Corruption, agreed to in 2001, and the AU Convention on Preventing and Combating Corruption, agreed to in 2003, can be seen as expressions of their signatories' political will. To enter into force, the SADC protocol requires the deposit of 10 instruments of ratification; as of January 9, 2003, eight states had ratified the agreement. Three states had ratified the AU convention, with 15 ratifications required for entry into force.

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### UN Convention Against Corruption

In October 2003, the UN General Assembly adopted<sup>5</sup> the UN Convention Against Corruption. The convention addresses prevention, criminalization, and asset recovery, as follows:

- *Prevention.* The convention contains provisions designed to prevent corruption, including a requirement that signatories establish public procurement systems "based on transparency, competition, and objective criteria in decision making." It also contains public finance

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<sup>2</sup>For OECD reports see: <http://www.oecd.org>.

<sup>3</sup>SADC represents 14 nations in southern Africa; its objective is to harmonize its members' laws and policies in an effort to promote economic development in the region. The AU is the successor organization to the Organization of African Unity.

<sup>4</sup>Parties to an international treaty generally adopt the form and content of an agreement by signing it. It is common practice to sign the agreement subject to ratification, the international act by which a state indicates its consent to be bound to a treaty.

<sup>5</sup>UN Doc. A/Res/58/4.

measures with procedures for the adoption of a national budget; timely reporting on revenue and expenditure; and accounting systems, auditing standards, risk management, and internal controls.

- *Criminalization.* The convention requires its signatories to criminalize a wide range of acts of corruption, including payment and receipt of bribes; diversion of public funds by public officials; concealment, or “laundering,” of proceeds of corrupt acts; and obstruction of justice.
- *Asset recovery.* The convention’s provisions on asset recovery were of particular interest to foreign government officials with whom we spoke. Public funds that are embezzled would be returned to the state requesting their return. Proceeds from any other offense covered by the convention would be returned to the requesting state once the state reasonably establishes its prior ownership of the property or when the requested state recognizes damage to the requesting state as a basis for returning the confiscated property.

The convention has been open for signature since December 9, 2003 and, as of February 19, 2004, 100 countries, including the United States and 23 sub-Saharan African countries, had signed it.<sup>6</sup> The convention requires 30 ratifications to take effect. As of February 19, 2004, only Kenya had ratified the convention. Although the UN convention contains provisions establishing a Conference of States Parties to facilitate implementation of the convention, it is not clear whether such a conference will include the vigorous reviews associated with the OECD convention. According to U.S. government officials, extrapolating the OECD peer-review model to the relatively large number of UN convention signatories would require a significant financial and organizational commitment.

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<sup>6</sup>The UN convention sub-Saharan Africa signatories include Angola, Benin, Burkina Faso, Cameroon, Cape Verde, Central African Republic, Comoros, Ethiopia, Gabon, Ivory Coast, Kenya, Madagascar, Mali, Mauritius, Namibia, Nigeria, Senegal, Sierra Leone, South Africa, Tanzania, Togo, Uganda, and Zambia.

# Characteristics of WBI and TI Corruption Indexes

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The World Bank Institute (WBI) and Transparency International (TI) publish indexes that attempt to measure perceptions of corruption across a large number of countries. WBI produced its first corruption index in 1996 and updates it every 2 years; TI first published its Corruption Perception Index in 1995 and updates it annually. The two indexes share fundamental characteristics but also have significant differences.

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## TI and WBI Indexes Have Important Similarities

The WBI and TI indexes have much in common (see table 1 for a summary of the indexes' characteristics). Both are based on the results of surveys of business people and citizens and analysis by country experts. In addition, both indexes rank countries by the degree of corruption perceived to exist in countries rather than by actual corruption, which is difficult to directly measure. Further, each index is constructed of a number of different sources, about half of which come from the same institutions.<sup>1</sup> (We reviewed and analyzed the methodologies used to generate the WBI and TI indexes, conducted analyses to check internal consistency, and determined their general reliability.) Each index also uses surveys and assessments that rank a number of countries. These sources generally assess several areas, including the quality of governance, overall business environment, democratic institutions, and levels of corruption. Both indexes incorporate responses to specific questions considered to provide insight into a country's perceived corruption; frequently the indexes include responses to the same questions.

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<sup>1</sup>For information on the sources used, see the World Bank Institute's Web site at <http://www.worldbank.org/wbi/governance/govdata2002> and Transparency International's Web site at <http://www.transparency.org>.

**Appendix III**  
**Characteristics of WBI and TI Corruption**  
**Indexes**

**Table 1: Characteristics of the WBI and TI Corruption Indexes**

<b>Characteristics</b>	<b>WBI index, 2002</b>	<b>TI index, 2003</b>
Number of countries covered	195	133
High income	48	34
Middle income	83	63
Low income	64	36
Sub-Saharan Africa	47	24
Number of source institutions	13	13
Minimum number of sources per country	1	3
Maximum number of sources per country	12	16
Range (higher value implies less corruption)	-2.5 to 2.5	0 to 10
Methodology	Uses an unobserved components model to compute a country score and unbiased measure of precision even when only one source is available.	Computes an average score and a measure of precision for each country. The index includes a country only when three or more sources are available.

Sources: GAO analysis of WBI and TI data.

Note: The WBI index uses the latest information for 14 sources, including 2 from Business Environment Risk Intelligence. The TI index uses 17 sources, including surveys for 2001, 2002, and 2003 from both the World Economic Forum and the Institute for Management Development. The unobserved component is a statistical technique that makes it possible to infer the distribution of corruption conditional on the observed data for a country.

An index using several sources (1) spans a larger set of countries than any individual source; (2) reduces the impact of outlier observations by providing a more reliable measure of corruption than any individual source; and (3) provides a more reliable point estimate and measure of precision, or standard deviation, of its estimate. The smaller the standard deviation, the more precise the estimate.

Because of the similarity in data sources used to measure perceived corruption, there is a high correlation between the TI and WBI indexes across the 133 countries included in both (0.97, with 1.00 indicating perfect linear correlation).

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WBI and TI Indexes Differ  
Significantly in  
Methodologies Used

Differences in the methodologies used to construct each index result in divergent country coverage and rankings. WBI uses an unobserved-components methodology that enables it to compute a score and measure of precision (standard deviation) for each country even with only one source for the country. This methodology enables the WBI index to include a larger number of countries for which it has few sources of information. For an individual country, the standard deviation is smaller the more sources are used and the more that information from each source corresponds with information from other sources. For some countries, the imprecision is quite large relative to the point estimate score.

In constructing its composite corruption index, TI uses a methodology different from WBI's that also generates for each country a point estimate for corruption and a measure of precision. TI includes a country in its index only if it has three or more sources of information for that country. Requiring three or more sources ensures greater reliability of the estimate. However, it also limits the number of countries that are included in the index.<sup>2</sup> The TI index for 2003 includes 133 countries, compared with 195 countries for the WBI index (see table 1).

The difference between country coverage in the two indexes is more pronounced for low-income and sub-Saharan African countries. The WBI index covers almost twice as many sub-Saharan African countries as the TI index, 47 versus 24. Similarly, WBI covers 64 low-income countries, whereas the TI covers 36.<sup>3</sup> Because the WBI index covers more countries, we chose to use it in assessing the relationship between corruption and the Millennium Development Goals and other development indicators.

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<sup>2</sup>TI also computes corruption scores for 62 additional countries. Because there were less than three sources available, these 62 countries are measured less reliably and not included in the index.

<sup>3</sup>The correlations of the corruption scores between the two indexes are 0.90 and 0.69 for all sub-Saharan African countries and low-income sub-Saharan African countries, respectively.

# Analysis of Corruption and Economic Development

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To analyze the effect of corruption on development, we obtained corruption perception data from the World Bank Institute (WBI) for 195 countries in 2002 (the latest available). We also collected data, representing averages for 1997–2001, from the United Nations (UN) on development indicators collectively known as the Millennium Development Goals, which are commonly used to gauge countries' development progress.<sup>1</sup> We selected 11 representative indicators for our analysis. We also chose 6 indicators representing countries' broad economic achievements from the World Bank's World Development Indicators database.<sup>2</sup> (See tables 2 and 3 for the selected goals and economic indicators.) We performed a series of correlation and regression analyses to identify statistically significant associations between the WBI corruption index and the selected indicators.<sup>3</sup> The relationship between corruption and development indicators is complex, and the results presented here are an initial step toward understanding this complexity. Further insight into the evolving complexity of corruption and development indicators may be obtained through a more comprehensive analysis that, among other things, addresses interrelationships among development indicators, the possible influence of measurement errors on estimated parameters, and the accuracy of the corruption measurements, which are based on perceptions.

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<sup>1</sup>The Millennium Development Goals commit the international community to the promotion of human development as the key to sustaining social and economic progress in all countries by creating a global partnership for development.

<sup>2</sup>The database, generated by the World Bank, the International Monetary Fund, and various UN agencies, is routinely and widely used in economic analysis of development issues. For this reason, we did not assess the data's reliability.

<sup>3</sup>A regression analysis is a statistical method of measuring the extent to which variations in one variable are associated with variations in other variables.

**Appendix IV  
Analysis of Corruption and Economic  
Development**

**Table 2: Correlation between 2002 WBI Index and Selected Development Indicators**

	<b>Development indicators</b>	<b>Correlation coefficient<sup>a</sup></b>		<b>Proportion of variation<sup>b</sup> explained by corruption</b>	<b>N</b>
Millennium Development Goals	Proportion of population below \$1 a day	-0.31	*	10%	88
	Income share held by lowest 20%	0.05		0	70
	Poverty gap at \$1 a day	-0.27	*	7	88
	Education enrollment ratio, net, primary level	0.37	*	14	141
	Literacy rates, aged 15-24	0.34	*	11	119
	Girls-to-boys ratio, primary level enrollment	0.29	*	9	155
	Infant mortality rate (0-1 year) per 1,000 live births	-0.64	*	40	166
	Children under five mortality rate per 1,000 live births	-0.6	*	36	166
	Maternal mortality ratio per 100,000 live births	-0.51	*	26	154
	Percentage of rural population with access to improved drinking water sources	0.49	*	24	128
	Debt service as percentage of exports of goods and services	-0.13		2	96
Broad indicators	Trade (% of GDP)	0.19	*	4	154
	Life expectancy at birth, total (years)	0.63	*	40	164
	Real GDP growth rate	-0.09		1	155
	Public spending on education, total (% of GDP)	0.36	*	13	145
	Foreign direct investment, net inflows (% of GDP)	0.15		2	147
	Gross capital formation (% of GDP)	0.05		0	152

Legend

\* Indicates statistical significance of at least 90 percent confidence

N= number of countries for which data were available

GDP=gross domestic product

Sources: GAO analysis using UN data and World Bank data for 1997–2001.

<sup>a</sup>The correlation coefficient measures the linear relationship between the corruption index and each indicator. It ranges between -1 and +1, where -1 indicates a perfect inverse relationship, 0 indicates no relationship, and +1 indicates a perfect direct relationship.

<sup>b</sup>Across countries.

Our correlation analysis showed that, for all 195 countries in the WBI index, a statistically significant association exists between corruption and the selected development indicators. As table 2 shows, the indicators show significant statistical association, at a 90 percent confidence level, with the WBI index for all but five variables. We found that lower levels of corruption are associated with *higher* primary education enrollment ratios, literacy rates, girls-to-boys ratios in primary school enrollment,

percentages of population with access to improved drinking water sources, trade, life expectancy at birth, and total public spending on education. Furthermore, lower corruption is statistically associated with *decreased* proportions of population living on less than \$1 a day, depth of poverty (poverty gap at \$1 a day), infant mortality rate, mortality rate of children younger than 5 years, and maternal mortality ratio.

Our correlation and regression analysis also showed that the proportion of variation across countries that is associated with corruption fluctuates depending on the indicators chosen. For example, as table 2 shows, corruption “explains” approximately 40 percent of the variance of infant mortality among countries but only 1 percent of the variance in real GDP growth rate.<sup>4</sup>

We also performed a regression analysis for subgroups of countries classified according to per capita income—high, middle, and low, as seen in table 3. To highlight the effect of corruption in sub-Saharan African countries, we created an additional variable to represent low-income sub-Saharan African countries. In table 3, “all countries” refers to the regression analysis for all 195 countries in the WBI index and assumes that corruption has the same effect on each country. In contrast, the regression analysis of countries grouped by income allows for the possibility that the effect of corruption may vary for countries in different income groups.<sup>5</sup>

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<sup>4</sup>Our analysis highlights an association between corruption and the development indicators. It does not imply a cause-effect relationship.

<sup>5</sup>Our regression analysis for all countries used  $Y_i = \alpha + \beta * WBI$ , where  $Y_i$  is a development indicator,  $\alpha$  is the intercept,  $\beta$  is the effect of the corruption index, and WBI is the 2001 WBI corruption index. Our regression analysis by income group used  $Y_i = \alpha + (\beta_1 * WBI) + (\beta_2 * \text{low-income Africa indicator}) + (\beta_3 * \text{middle-income country indicator}) + (\beta_4 * \text{high-income country indicator}) + (\beta_5 * \text{low-income Africa countries' WBI scores}) + (\beta_6 * \text{middle-income countries' WBI scores}) + (\beta_7 * \text{high-income countries' WBI scores})$ , where  $Y_i$  is a development indicator;  $\alpha$  is the intercept;  $\beta_{1=1, \dots, 7}$  indicates the effects of variables in the model; and WBI is the 2001 WBI corruption index.

**Appendix IV  
Analysis of Corruption and Economic  
Development**

**Table 3: Summary of Regression Analysis Using 2002 WBI Index**

	Development indicators	All countries	High income	Middle income	Low income	
					All	Sub-Saharan Africa
Millennium Development Goals	Proportion of population living on less than \$1 a day	---			+	
	Income share held by lowest 20%					
	Poverty gap at \$1 a day	--				
	Education enrollment ratio, net, primary level	+++			---	
	Literacy rates, aged 15-24	+++				
	Girls-to-boys ratio, primary-level enrollment	+++				
	Infant mortality rate (0-1 year) per 1,000 live births	---	-	--		
	Mortality rate for children under five per 1,000 live births	---		--		
	Maternal mortality ratio per 100,000 live births	---		-		
	Percentage of rural population with access to improved drinking water sources	+++				
Debt service as percentage of exports of goods and services						
Broad indicators	Trade (% of GDP)	++		++		
	Life expectancy at birth, total (years)	+++		++		
	Real GDP growth rate					
	Public spending on education, total (% of GDP)	+++		++	++	
	Foreign direct investment, net inflows (% of GDP)	+	++	+		
	Gross capital formation (% of GDP)					

**Legend**

Symbols indicate direction and significance of the estimated coefficient:

+++/- - - Statistically significant at 99 percent of confidence

++/- - Statistically significant at 95 percent of confidence

+/- Statistically significant at 90 percent of confidence

No symbol Statistically insignificant

Sources: GAO analysis of 1997–2001 UN and World Bank data and 2002 WBI Corruption Index.

Notes: Results for “low-income ” were obtained from a separate analysis that grouped low-income, middle-income, and high-income countries. The results shown have been corrected for possible heteroscedasticity, when necessary. Heteroscedasticity refers to a statistical problem, which, if not corrected, may lead to an association appearing to be statistically significant or insignificant when it may actually be. For low-income countries, the estimates for proportion of population living on less than \$1 a day and for the poverty gap at \$1 a day were found to be heteroscedastic, but corrections could not be made due to data limitations.

According to the World Bank, in 2002, per capita income for high-income countries was greater than \$9,075; for middle-income countries, between \$735 and \$9,075; and for low-income countries, \$735 or less.

In general, when all countries are pooled together our analysis of the effect of corruption shows that most conclusions regarding the adverse effects of corruption on development are supported, that is, lower levels of corruption are associated with better development outcomes. However, these conclusions depend on the assumption that corruption has the same effect across all countries.

For most of the development indicators, we tested and rejected, with at least 90 percent statistical confidence, the assumption that corruption has the same effect for all countries. We found instead that the effect of corruption varies by countries' income levels.<sup>6</sup> Using regressions that allowed for such variation, we analyzed the relationship of corruption to development indicators for income groups and found corruption to be statistically significant for far fewer indicators than when all countries are pooled together (see table 3).

For high-income countries, lower levels of corruption are associated with lower infant mortality rates and higher net inflows of foreign direct investment. Variations in corruption do not appear to be associated with any other development indicators for high-income countries. For middle-income countries, lower levels of corruption are associated with lower maternal, infant, and children under 5 years mortality rates. They are also associated with higher trade, life expectancy at birth, public spending in education, and net inflows of foreign direct investment.

For low-income countries, some of corruption's statistical associations with development indicators were as we expected. For instance, lower levels of corruption are associated with higher public spending on education. On the other hand, corruption is associated with some development indicators in unexpected ways. For example, for all low-income countries, less corruption is associated with a higher poverty rate and lower educational enrollment. For low-income sub-Saharan African countries, variation in corruption across countries appears not to be associated with any of the development indicators. There are a number of possible explanations for some of these counterintuitive results. For example, the small size of the subgroups makes statistical significance hard to achieve. Also, as explained previously, relatively large amounts of

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<sup>6</sup>We rejected this assumption with at least 90 percent confidence for all development indicators except debt service as percentage of exports of goods and services, real GDP growth rate, and net inflows of foreign direct investment.

imprecision and measurement error exist in the point estimates of corruption for each country. The development indicators themselves may, in addition, be imprecisely measured. It is also possible for the causal direction to be from corruption to income than vice versa, such that higher corruption leads to lower income.

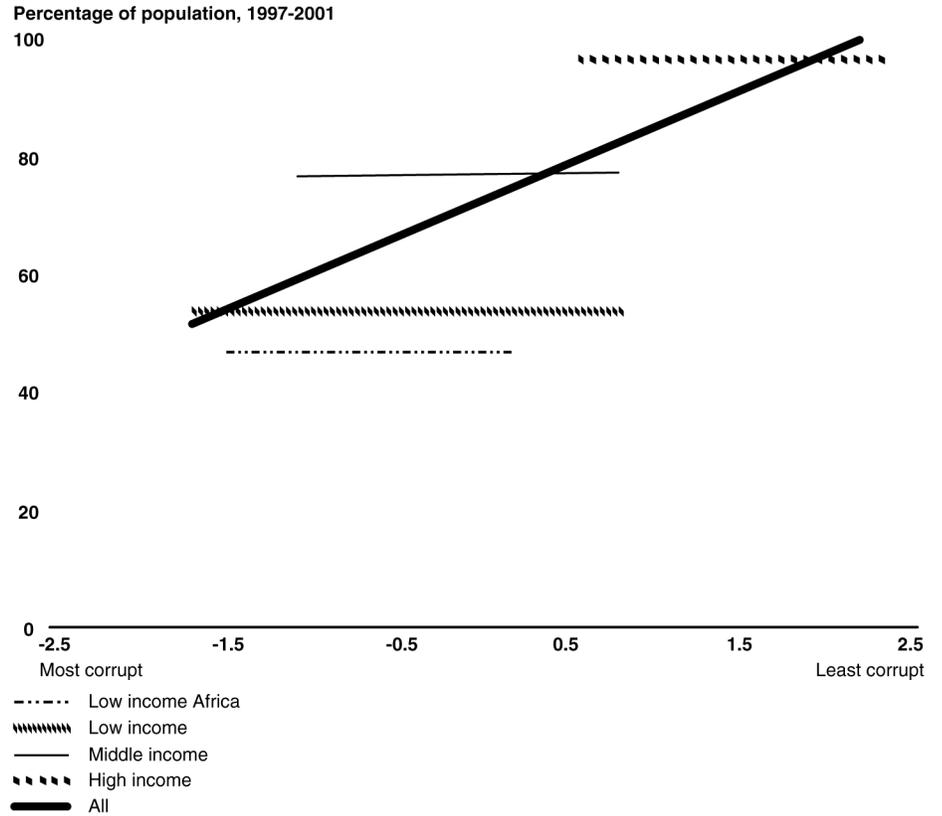
As table 3 shows, the regression results for all countries may be misleading if not corroborated by the results for the income subgroups. This is particularly true when the regression for all countries shows the effect of corruption on a development indicator while the subgroup regressions do not. For example, when we analyzed all countries together, we found that less corruption is associated (at a 99 percent confidence level) with an increase in the percentage of population with access to improved drinking water sources when all countries are pooled together. However, when we analyzed the countries by income level, we did not find this effect (see fig. 7). This result suggests that the apparent association of less corruption with improved development indicators may be simply the effect of higher income.

Figure 7 shows the results of our regression analysis for rural access to improved drinking water countries by income group and for all countries. The horizontal line indicates corruption's lack of statistical significance at a minimum of 90 percent confidence. In high-income countries, an average of 97 percent of the population has access to improved water, unrelated to country levels of corruption. Similarly, in middle- and low-income countries and in low-income sub-Saharan African countries, an average of 77 percent, 62 percent, and 49 percent, respectively, have access to improved water, unrelated to country levels of corruption in each group. The slope of the line representing the analysis for all countries appears to be a result of moving along successive higher income levels.<sup>7</sup>

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<sup>7</sup>The horizontal line is drawn at the level of the average value of the development indicator for that subgroup.

**Figure 7: Relation of WBI Index to Percentage of Population with Access to Improved Drinking Water Sources**



Sources: GAO analysis of 1997-2001 UN and World Bank data and 2002 WBI Corruption Index.

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# World Business Environment Survey

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This appendix highlights data from the World Business Environment Survey (WBES), focusing on results for sub-Saharan Africa.<sup>1</sup> The survey covered 10,032 businesses in 80 countries, including 1,629 businesses in 16 countries in sub-Saharan Africa (Botswana, Cameroon, Ivory Coast, Ethiopia, Ghana, Kenya, Madagascar, Malawi, Namibia, Nigeria, Senegal, South Africa, Tanzania, Uganda, Zambia, and Zimbabwe). The purpose of the survey was to better understand constraints that hinder private business development throughout the world.

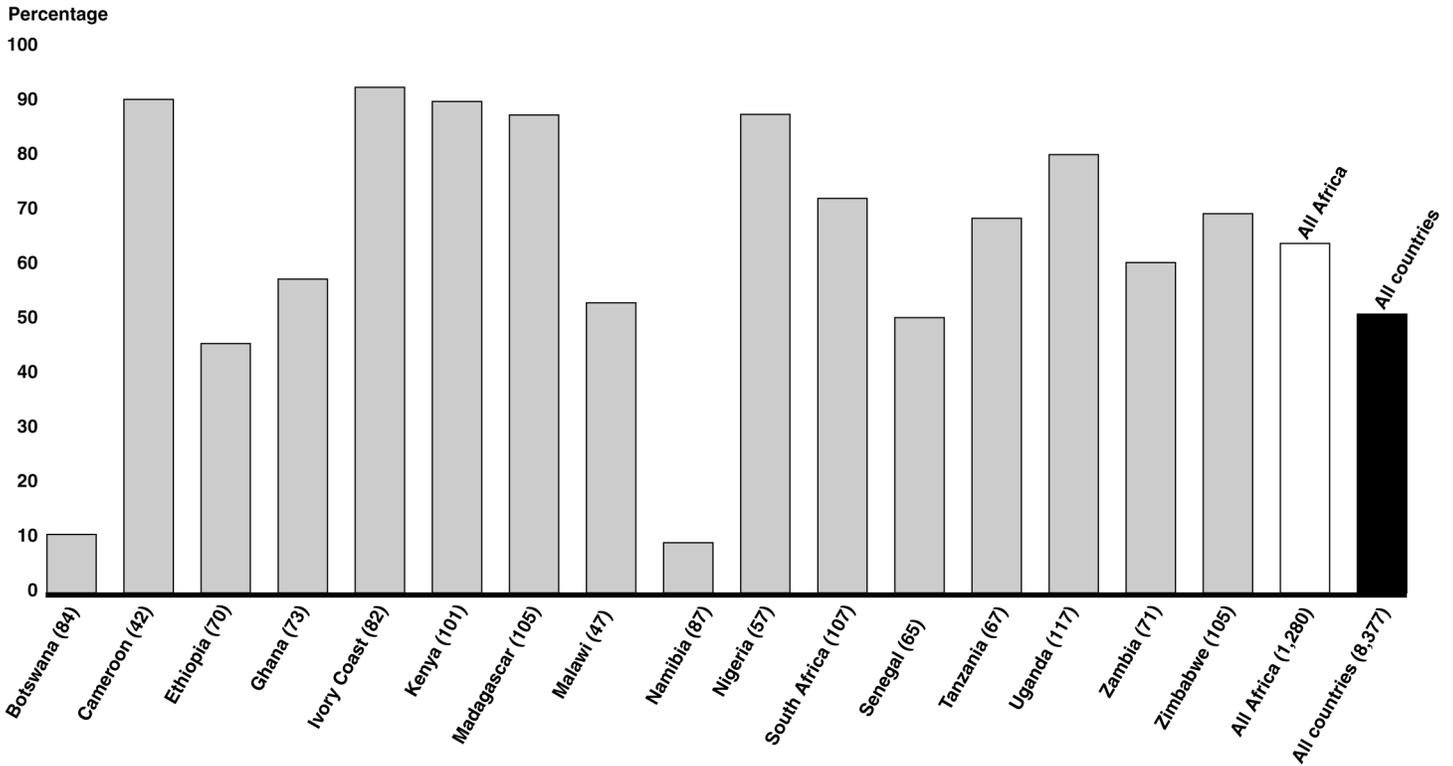
The survey covered quality and integrity of public services, rules and regulations, bureaucratic practices, and corruption (our analysis focused on questions related to corruption). Sectors in sub-Saharan Africa represented included manufacturing, services, agriculture, and construction. Businesses responding were grouped into three categories: small (50 or fewer employees), medium (51 to 500 employees), and large (501 or more employees). The firms responding included sole proprietorships, partnerships, cooperatives, privately held corporations, corporations listed on stock exchanges, and others not specified; about 27 percent of these firms operated in other countries as well. The World Bank noted that the response rate for Africa was “among the lowest” of the nine regions surveyed.

More than 60 percent of businesses that responded to the survey from the region stated that corruption is a major constraint to their business. Figure 9 shows the responses of businesses from individual African countries (for comparative purposes, we also included the average for the region and for the 80 countries in which the survey was conducted). As figure 8 shows, Namibia and Botswana had the lowest number of complaints, while Cameroon, Ivory Coast, Kenya, Madagascar, and Nigeria had the highest proportion of businesses claiming corruption was problematic.

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<sup>1</sup>The survey was a collaborative effort of the World Bank Group, the European Bank for Reconstruction and Development, the International Development Bank, and Harvard University. Because of the response rates and the numbers of respondents, differences between some countries may not be significant.

**Figure 8: Firms in Selected Sub-Saharan African Countries Responding “Moderate or Major Obstacle” to WBES Question “How Problematic Has Corruption Been for the Operation and Growth of Your Business?”**



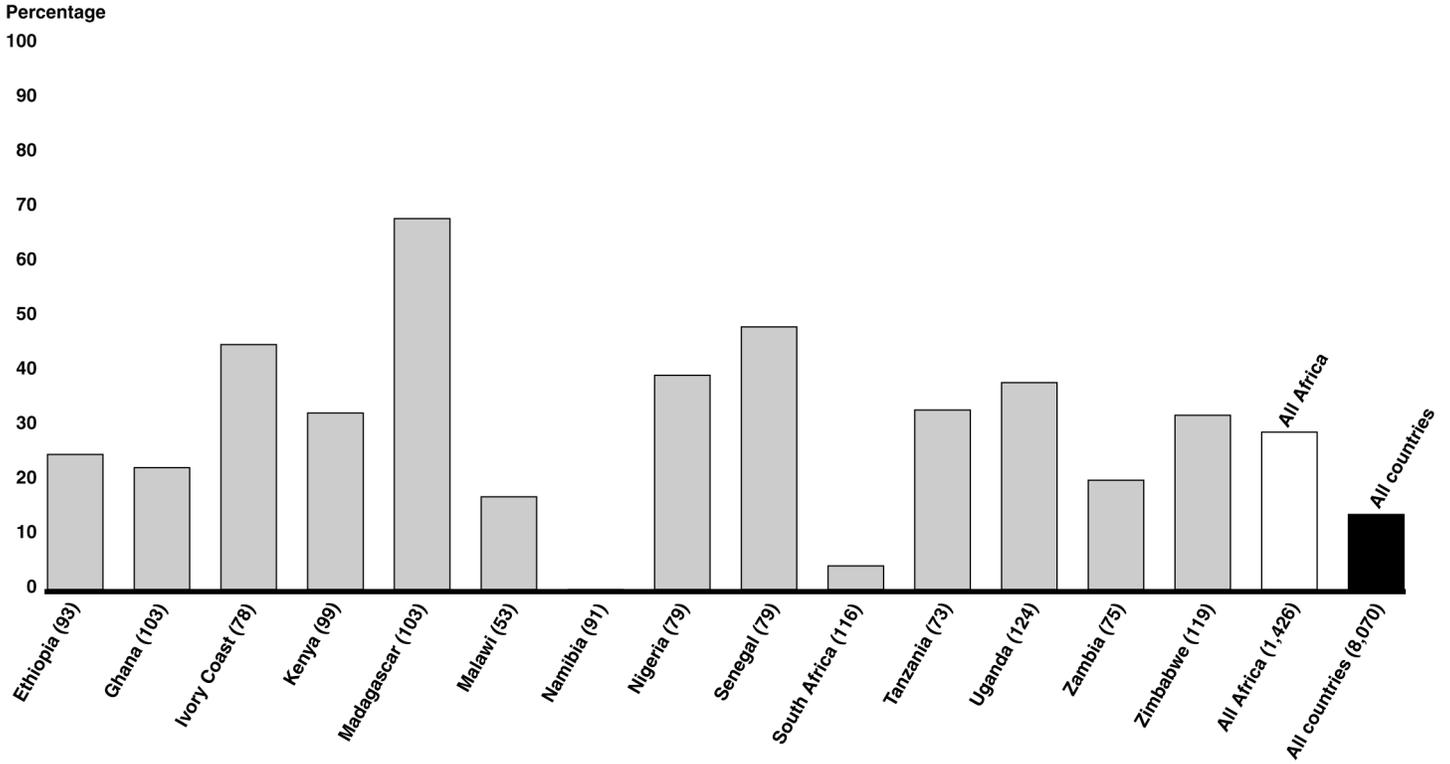
Source: GAO analysis of WBES data.

Notes: Response options were “no obstacle,” “minor obstacle,” “moderate obstacle,” and “major obstacle.” Because of the response rates and the numbers of respondents, differences between some countries may not be significant.

Figures in parentheses are the number of firms that responded in each country.

Further, the extent to which corruption influences government transactions may be inferred from a question that asked businesses if they typically needed to make extra, unofficial payments to gain government contracts. On average, about 26 percent of sub-Saharan African businesses surveyed responded affirmatively. Businesses in Madagascar, Senegal, Ivory Coast, Cameroon, and Nigeria had the highest rate of responses indicating that illegal payments are required to gain government contracts (see fig. 9).

**Figure 9: Firms in Selected Sub-Saharan African Countries Responding “Always, Usually, or Frequently” to WBES Question “Do Firms Like Yours Typically Need to Make Extra, Unofficial Payments to Gain Government Contracts?”**



Source: GAO analysis of WBES data.

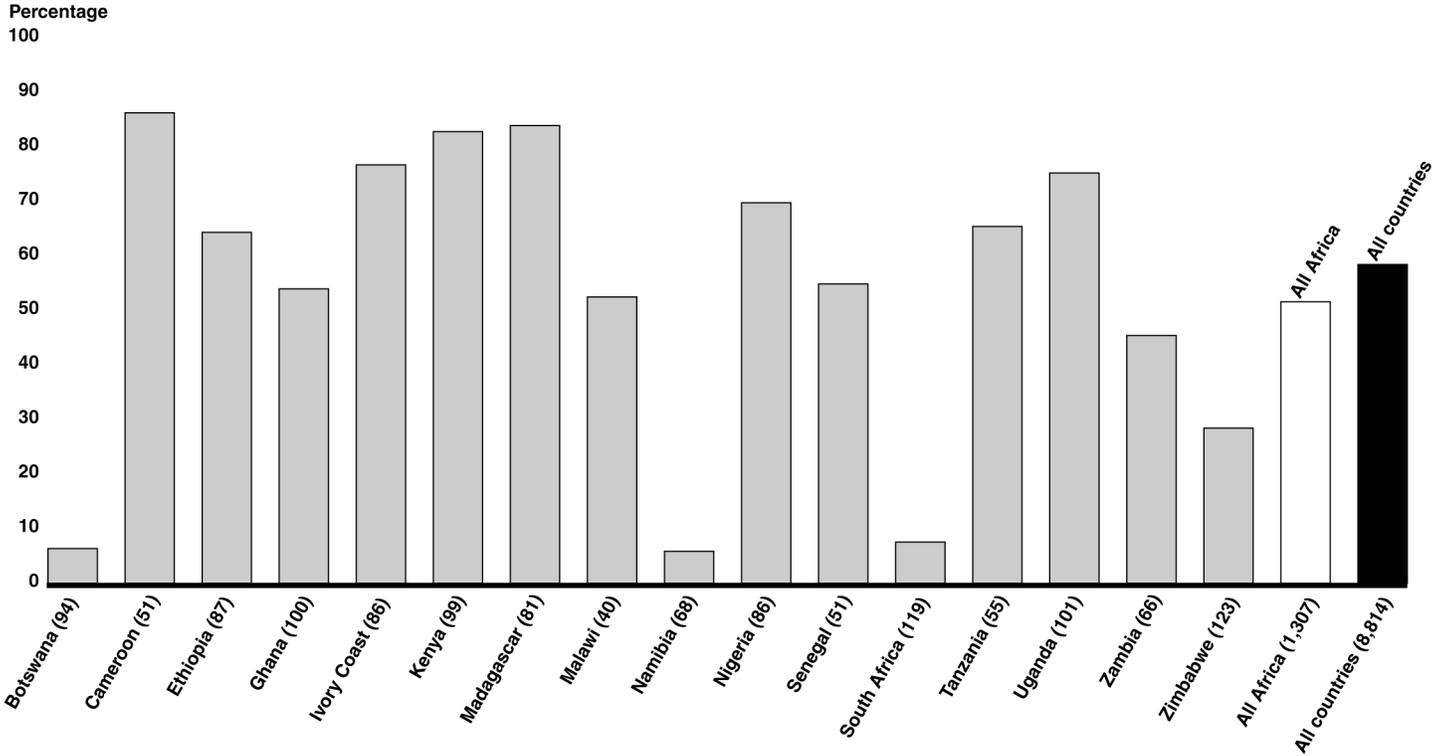
Notes: Response options were “always,” “usually,” “frequently,” “sometimes,” “seldom,” and “never.” Because of the response rates and the numbers of respondents, differences between some countries may not be significant.

Figures in parentheses are the number of firms that responded in each country.

Another consequence of corruption is the erosion of trust among businesses, courts, and banks. More businesses stated that courts are dishonest and corrupt in the Ivory Coast, Madagascar, Nigeria, Senegal, Kenya, Tanzania, and Uganda (see fig. 10). Relatively large proportions of businesses in Cameroon, Ivory Coast, Ghana, Madagascar, Nigeria, Tanzania, and Uganda stated corruption of bank officials is an obstacle to their businesses (see fig. 11).

Appendix V  
World Business Environment Survey

Figure 10: Firms in Selected Sub-Saharan African Countries Responding “Never, Seldom, or Sometimes” to WBES Question “How Often Do You Associate ‘Honest/Uncorrupt’ as Description of the Court System in Resolving Business Disputes?”

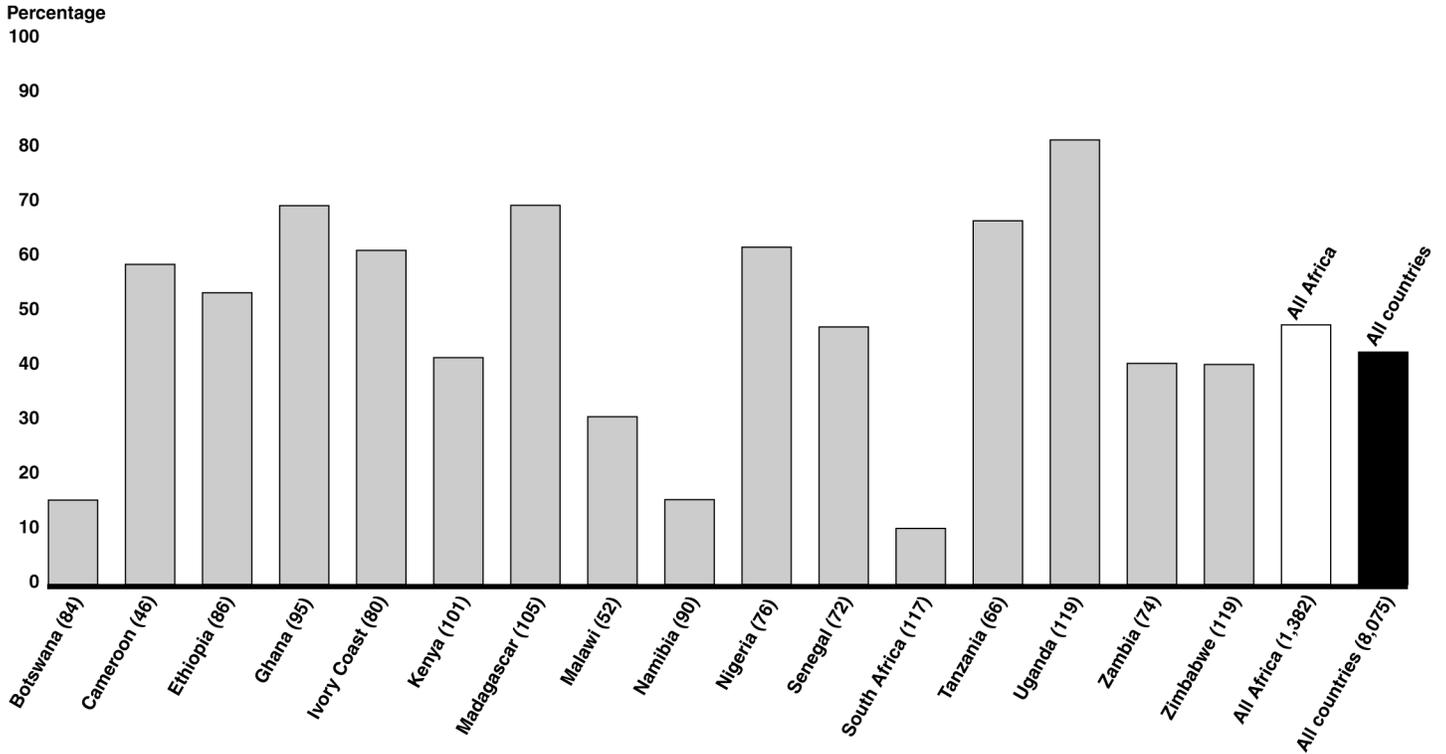


Source: GAO analysis of WBES data.

Notes: Response options were “always,” “usually,” “frequently,” “sometimes,” “seldom,” and “never.” Because of the response rates and the numbers of respondents, differences between some countries may not be significant.

Figures in parentheses are the number of firms that responded in each country.

**Figure 11: Firms in Selected Sub-Saharan African Countries Responding “Minor, Moderate, or Major Obstacle” to WBES Question “To What Extent Has Corruption of Bank Officials Had an Impact on Your Business?”**



Source: GAO analysis of WBES data.

Notes: Response options were “no obstacle,” “minor obstacle,” “moderate obstacle,” and “major obstacle.” Because of the response rates and the numbers of respondents, differences between some countries may not be significant.

Figures in parentheses are the number of firms that responded in each country.

# Comments from USAID

Note: GAO comments supplementing those in the report text appear at the end of this appendix.



U.S. AGENCY FOR  
INTERNATIONAL  
DEVELOPMENT

David Gootnick  
Director  
International Affairs and Trade  
U.S. General Accounting Office  
441 G Street, N.W.  
Washington, D.C. 20548

April 2, 2004

Dear Mr. Gootnick:

I am pleased to provide the U.S. Agency for International Development's (USAID's) formal response to the draft GAO report, [U.S. Anticorruption Programs in Sub-Saharan Africa Will Require Time and Commitment](#). (April 2004).

USAID is strongly committed to supporting the battle against corruption in all of its work, and many of the report's findings support our own concerns. We are especially pleased to see the emphasis on the need for a serious commitment and a long-term perspective for successes in fighting corruption. USAID has invested considerable effort in meeting these challenges, much of which is accurately documented in the report. In some cases, we believe our efforts exceed those described. We also believe that, while many of the lessons learned in the fight against corruption are well described, additional lessons from USAID's experience should be added to the analysis. I refer you to the attached comments for a fuller discussion of these issues.

1300 PENNSYLVANIA AVENUE, N.W.  
WASHINGTON, D.C. 20523

Thank you for the opportunity to respond to the GAO draft report and for the courtesies extended by your staff in the conduct of this review.

Sincerely,



John Marshall  
Assistant Administrator  
Bureau for Management

Attachment: a/s

**USAID Response to GAO Report on Anticorruption Programs in sub-Saharan Africa**

We were pleased to receive your draft report entitled *US Anticorruption Programs in Sub-Saharan Africa Will Require Time and Commitment*. The report describes clearly and accurately the challenges of anticorruption work, a topic that is by its nature extremely difficult to discuss in precise and concrete terms.

We would like to highlight some of the findings and commentary in the report with which we strongly agree:

- The report's title points to the key requirements for success in this work and is consistent with USAID's and the current Administration's commitment to anticorruption.
- We concur in your analysis of the difficulties of measuring or defining the problem and of the challenges inherent in designing and implementing anticorruption programming.
- We agree with your analyses and critiques of the various corruption indices and their methodologies, and particularly with the caution against using them for specific policy prescriptions.
- We share your view of the importance of the Millennium Challenge Account (MCA) as a force for positioning corruption as central to development policy.
- We support your conclusions about the impact of Section 660 of the Foreign Assistance Act and its constraints on USAID efforts to address corruption in the law enforcement arena.

Within this context of overall agreement, we would like to raise a few substantive issues that we believe more fully capture USAID's perspectives on our anticorruption efforts.

USAID Response to GAO Report on Anticorruption Programs in sub-Saharan Africa

***Coordination***

The Report correctly observes that coordination takes place both at the mission level and in Washington, and can be either formal or informal.

See comment 1.

The line between formal meetings and informal contact may be difficult to identify, since formal meetings are often a forum to make public commitments, to reaffirm plans and to launch activities and coordinated efforts that are arranged through frequent informal contact. Highly formalized coordination in the form of shared projects and joint funding may be the exception rather than the rule, due to differing donor mandates and widely varying funding, implementation and reporting timelines. In countries with small programs, informal coordination may be the more appropriate and effective approach.

***Lessons Learned***

While we agree with the lessons highlighted in the report, we would like to add three additional items for your information.

*Long-term investments and short-term achievements:* We fully agree with the observation that addressing corruption is a long-term project, but we would also point out that in some cases, visible, early “wins” (such as successful prosecution of a high-level official) may be critical for building credibility and generating sustained pressure for reform. USAID’s approach emphasizes long-term institutional change, and while it eschews the notion of “quick fixes,” it recognizes the potentially important role of quick achievements.

See comment 2.

*Political will:* We agree with the importance of political will for successful anticorruption programs and have not funded proposals for the USAID/AFR Anti-Corruption Initiative in three countries where political will was evaluated as insufficient. Experience also indicates that there are times when it is important to respond to the emergence of promising reformers in government, even in cases when broad political commitment is fledgling or shaky. Failure to do so could undermine the legitimacy of the USG as champions for anticorruption reforms and forsake some of our most important allies in these efforts. Judiciousness in the commitment of public resources is clearly called for in these cases, but so is concern for policy

USAID Response to GAO Report on Anticorruption Programs in sub-Saharan Africa

consistency and the credibility of our partners. In many such cases, programs address this dilemma by combining targeted assistance to government reform efforts with support for civil society advocacy and public awareness to increase incentives for broader political leadership to exhibit strong political will.

See comment 3.

*Anticorruption commissions:* The report states that USAID has concluded that there are two conditions for supporting such agencies. USAID's conclusions here are broader. Having a clear mandate and public monitoring are among the necessary conditions for success of an anticorruption commission, but others include (i) political independence, (ii) sufficient funding and human resource capacity, (iii) political will of leadership, and (iv) an adequate legal framework. In addition, successful anticorruption commissions also require effective partners, such as law enforcement, an independent and competent judiciary, and free and effective media, to name a few. Our most recent analysis suggests that an anticorruption commission is an appropriate strategy only in a country that already enjoys relatively competent governance overall and thus is not an appropriate choice in many of the countries where it has been attempted.

***Sustainability & Impact***

See comment 4.

The report states that, based on the limited number of evaluations as yet carried out, prospects for sustainability are unclear. While evaluation must continue and increase as anticorruption activities grow in number, age and significance, any generalization regarding sustainability is not possible, and specific sustainable changes can be identified.

We agree both that there have been too few evaluations, and that those conducted indicate uneven or ambiguous results. We disagree, however, that a general inference about sustainability should be extrapolated from these few evaluations when the majority of programs have not been evaluated. The overall deduction of the report seems to be that no significant, measurable or sustainable results have been achieved by anticorruption programs.

While programs like anticorruption commissions have produced some ambiguous or disappointing results, many specific efforts have resulted in sustainable changes that will undoubtedly have a positive and lasting impact.

USAID Response to GAO Report on Anticorruption Programs in sub-Saharan Africa

The following programs have accomplished specific, documented and sustainable achievements that have restricted opportunities for corruption, increased transparency, strengthened institutions or resulted in improved legal and regulatory frameworks.

- Investor road maps in Tanzania have resulted in a decrease in the number of steps and the time necessary for registering a business. This is both concrete and sustainable.
- In Uganda, the privatization of the Uganda Commercial Bank resulted both in the privatization of the institution and in the establishment of a system for asset management. The open market will be a force for sustaining improvements in bank systems, while privatization results in reducing the corrupt influence of the state on these assets by putting them permanently in the hands of the private sector. Once achieved, the outcome is not subject to reversal or slippage.
- In the Benin example, the audit manual, the increased capacity and greater number of audits have combined to produce findings that led to prosecutions. This points to a stronger institution, and there is no evidence of a lack of sustainability of these advances.
- Improved legal frameworks, once enacted, can only be removed by legislative action. While the new laws may not be implemented due to lack of political will, the effort will have resulted in an improved framework within which to work if and when political will is more evident. The existence of a good legal framework also provides a more facilitative environment for civil society advocacy and judicial challenges. While the ultimate goal of the effort may not have been met, important, sustainable steps forward were taken.

***Conclusion***

We agree with the conclusion of the report that anticorruption efforts will succeed only with long-term commitment and political and financial support from host governments, the private sector and the public. However, the experience of USAID clearly suggests that these factors alone will not suffice. Coordinated policy dialogue and high-level diplomatic efforts are emerging as a necessary component of USG strategy which should serve to catalyze host country action and leverage technical assistance and other donor initiatives. Recent high-level policy initiatives such as MCA and the G-8 Corruption and Transparency Initiative are expected to enhance the

4

See comment 5.

**USAID Response to GAO Report on Anticorruption Programs in sub-Saharan Africa**

likelihood of greater host country commitment and attention to reforms that will address the corruption problem. While analysis of diplomatic efforts is beyond the scope of the report, we feel it is an important “lesson learned” with significant implications for USG efforts in anticorruption.

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The following are GAO's comments on USAID's letter dated April 2, 2004.

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## GAO Comments

1. Based on informal comments from USAID, we added information on formal and informal coordination of U.S. anticorruption assistance on pp. 20-21.
2. We agree with USAID that political will is important. See our discussion on p. 3 in the results in brief and on p. 5 in background, and in the lessons learned section on p. 32 of the report.
3. We appreciate USAID's further elaboration on conditions required to make anticorruption agencies effective. We did not modify the text, since we believe we adequately addressed these conditions on pp. 27-28 of the report.
4. USAID cites examples already included in this report. We encourage USAID to increase the regularity and focus of evaluation of its anticorruption efforts to provide meaningful and quantifiable assessment of the programs' performance and results.
5. We agree with USAID that high level diplomatic and coordinated policy dialog are key to anticorruption efforts. For that reason, we discussed the MCA initiative on pp.1 and 5 and the G-8 initiative on p.20, and provided a summary of key ongoing diplomatic efforts to establish international agreements addressing corruption in sub-Saharan Africa in appendix II.

# GAO Contact and Staff Acknowledgments

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**GAO Contact**

Phillip Herr (202) 512-8509

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**Staff  
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In addition to the individual listed above, Nima Patel Edwards, Maria Oliver, Bruce Kutnick, Gezahegne Bekele, Ann Baker, Mark Dowling, Martin de Alteriis, and Reid Lowe made key contributions to this report.

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